

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2013 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information										
1a Name of plan RAYTHEON COMPANY PENSION PLAN FOR SALARIED EMPLOYEES	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;">024</td> </tr> <tr> <td colspan="2">1c Effective date of plan 01/01/1950</td> </tr> <tr> <td colspan="2">2b Employer Identification Number (EIN) 95-1778500</td> </tr> <tr> <td colspan="2">2c Sponsor's telephone number 781-522-3000</td> </tr> <tr> <td colspan="2">2d Business code (see instructions) 335900</td> </tr> </table>	1b Three-digit plan number (PN) ▶	024	1c Effective date of plan 01/01/1950		2b Employer Identification Number (EIN) 95-1778500		2c Sponsor's telephone number 781-522-3000		2d Business code (see instructions) 335900	
1b Three-digit plan number (PN) ▶	024										
1c Effective date of plan 01/01/1950											
2b Employer Identification Number (EIN) 95-1778500											
2c Sponsor's telephone number 781-522-3000											
2d Business code (see instructions) 335900											
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) RAYTHEON COMPANY 870 WINTER STREET WALTHAM, MA 02451-1449											

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	09/12/2014	DEBORAH A. TULLY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	09/12/2014	DEBORAH A. TULLY
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address DEBORAH A. TULLY RAYTHEON COMPANY 870 WINTER STREET WALTHAM, MA 02451-1449		3b Administrator's EIN 95-1778500 3c Administrator's telephone number 781-522-5080
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		4b EIN 4c PN
5 Total number of participants at the beginning of the plan year		5 85451
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants		6a 26153
b Retired or separated participants receiving benefits		6b 24645
c Other retired or separated participants entitled to future benefits		6c 28541
d Subtotal. Add lines 6a , 6b , and 6c		6d 79339
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits		6e 4778
f Total. Add lines 6d and 6e		6f 84117
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested		6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A 1E		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>RAYTHEON COMPANY PENSION PLAN FOR SALARIED EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>024</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>RAYTHEON COMPANY</u>	D Employer Identification Number (EIN) <u>95-1778500</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month _____ Day _____ Year _____	
2 Assets:	
a Market value	2a <u>8559702710</u>
b Actuarial value	2b <u>8508001084</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>27741</u> (1) Number of participants <u>3560877762</u> (2) Funding Target
b For terminated vested participants.....	3b <u>29660</u> <u>909512930</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>154149421</u>
(2) Vested benefits	3c(2) <u>3684897809</u>
(3) Total active.....	3c(3) <u>28050</u> <u>3839047230</u>
d Total.....	3d <u>85451</u> <u>8309437922</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐	
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b
5 Effective interest rate	5 <u>6.33 %</u>
6 Target normal cost	6 <u>275343928</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	
Signature of actuary <u>JONATHAN R. BARRY, F.S.A.</u>	Date <u>14-06048</u>
Type or print name of actuary <u>MERCER</u>	Most recent enrollment number <u>617-747-9500</u>
Firm name <u>99 HIGH STREET BOSTON, MA 02110-2320</u>	Telephone number (including area code)
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2013
v. 130118

Part II Beginning of Year Carryover and Prefunding Balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	248908966
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	248908966
9 Amount remaining (line 7 minus line 8)	0	0
10 Interest on line 9 using prior year's actual return of <u>12.50</u> %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		486806822
b Interest on (a) using prior year's effective interest rate of <u>7.03</u> % except as otherwise provided (see instructions)		34222520
c Total available at beginning of current plan year to add to prefunding balance		521029342
d Portion of (c) to be added to prefunding balance		310453298
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	310453298

Part III Funding Percentages		
14 Funding target attainment percentage	14	98.65 %
15 Adjusted funding target attainment percentage	15	102.38 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	103.96 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
12/18/2013	150000000				
04/01/2014	73505000				
05/01/2014	64726000				
06/02/2014	64726000				
07/01/2014	64726000				
			Totals ►	18(b)	417683000
				18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contributions from prior years.	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 387534759
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☐ Yes ☒ No
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No
c If line 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 4.94%	2nd segment: 6.15%	3rd segment: 6.76 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 0
22 Weighted average retirement age				22 64
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....	31a	275343928	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment.....	111890136	18673565	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	294017493	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	310453298	310453298
36 Additional cash requirement (line 34 minus line 35).....	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	387534759	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	387534759	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	294017493	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		2013
		This Form is Open to Public Inspection.

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013	
A Name of plan RAYTHEON COMPANY PENSION PLAN FOR SALARIED EMPLOYEES	B Three-digit plan number (PN) ▶ 024
C Plan sponsor's name as shown on line 2a of Form 5500 RAYTHEON COMPANY	D Employer Identification Number (EIN) 95-1778500

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No
- b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

XEROX BUSINESS SERVICES, LLC

51-0310342

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13	NONE	4652538	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

THE BANK OF NEW YORK MELLON

13-5160382

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
21	NONE	843672	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

MERCER

13-2834414

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11	NONE	294374	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

DELOITTE LLP

13-6044173

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
16	NONE	136078	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

PRICEWATERHOUSECOOPERS LLP

13-4008324

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	NONE	72000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

<div>SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration</div>	<div>DFE/Participating Plan Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>► File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2013</div> <div>This Form is Open to Public Inspection.</div>
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013		
A Name of plan RAYTHEON COMPANY PENSION PLAN FOR SALARIED EMPLOYEES	B Three-digit plan number (PN) ►	024
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 RAYTHEON COMPANY	D Employer Identification Number (EIN) 95-1778500	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE:	RAYTHEON MASTER PENSION TRUST
---	-------------------------------

b Name of sponsor of entity listed in (a):	THE BANK OF NEW YORK MELLON
--	-----------------------------

c EIN-PN 04-3172773-001	d Entity code M	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 9657798496
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
---	--

b Name of sponsor of entity listed in (a):	
--	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
---	--

b Name of sponsor of entity listed in (a):	
--	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
---	--

b Name of sponsor of entity listed in (a):	
--	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
---	--

b Name of sponsor of entity listed in (a):	
--	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
----------	---------------	--

a Name of MTIA, CCT, PSA, or 103-12 IE:	
---	--

b Name of sponsor of entity listed in (a):	
--	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
----------	---------------	--

a Name of MTIA, CCT, PSA, or 103-12 IE:	
---	--

b Name of sponsor of entity listed in (a):	
--	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
----------	---------------	--

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>		
A Name of plan <u>RAYTHEON COMPANY PENSION PLAN FOR SALARIED EMPLOYEES</u>	B Three-digit plan number (PN) ►	<u>024</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>RAYTHEON COMPANY</u>	D Employer Identification Number (EIN) <u>95-1778500</u>	

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	320220000	267683000
(2) Participant contributions.....	1b(2)		
(3) Other.....	1b(3)	7459014	6939097
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	8487786204	9657798496
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	8815465218	9932420593

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	365508	200187
i Acquisition indebtedness	1i		
j Other liabilities	1j	11440349	17525509
k Total liabilities (add all amounts in lines 1g through 1j)	1k	11805857	17725696

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	8803659361	9914694897
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	418800232	
(B) Participants	2a(1)(B)	13302364	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		432102596
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		1280074189
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		330458
d Total income. Add all income amounts in column (b) and enter total.....	2d		1712507243

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	586093379	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		586093379
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)	22317425	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		22317425
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		608410804

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		1104096439
l Transfers of assets:			
(1) To this plan.....	2l(1)		6939097
(2) From this plan.....	2l(2)		0

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: PRICEWATERHOUSECOOPERS LLP

(2) EIN: 13-4008324

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
e Was this plan covered by a fidelity bond?	X		20000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☒ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust	6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection.
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

A Name of plan <u>RAYTHEON COMPANY PENSION PLAN FOR SALARIED EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>024</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>RAYTHEON COMPANY</u>	D Employer Identification Number (EIN) <u>95-1778500</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>13-5160382</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>383</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....	6a		
b Enter the amount contributed by the employer to the plan for this plan year.....	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?.....	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☒ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: 25% Investment-Grade Debt: 27% High-Yield Debt: 3% Real Estate: 2% Other: 43%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☒ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☒ Macaulay duration ☐ Modified duration ☐ Other (specify):



Independent Auditor's Report

To the Participants and Administrator of Raytheon Company Pension Plan for Salaried Employees

We have audited the accompanying financial statements of Raytheon Company Pension Plan for Salaried Employees (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2013 and December 31, 2012, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Plan's net assets available for benefits as of December 31, 2013 and changes therein for the year then ended and its financial status as of December 31, 2012, and changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

Boston, Massachusetts
September 11, 2014

Schedule SB, Line 22 — Description of Weighted Average Retirement Age

Each employee is assumed to retire in accordance with the table of retirement rates. The proportion of employees expected to retire at each potential retirement age is shown below. The average retirement age is 64.

Raytheon Company Pension Plan for Salaried Employees before Merger

(A) Retirement age	(B) Retirement Percent	(C) Lx	(D) Number of employees expected to retire (B) x (C)	(E) (A) x (D)
55	2.26%	10,000	226	12,430
56	0.72%	9,774	70	3,941
57	0.73%	9,704	71	4,038
58	0.75%	9,633	72	4,190
59	0.77%	9,561	73	4,315
60	1.32%	9,487	125	7,486
61	1.36%	9,363	127	7,767
62	8.48%	9,235	783	48,556
63	9.67%	8,452	817	51,491
64	10.88%	7,635	830	53,138
65	73.13%	6,805	4,967	323,451
66	58.02%	1,828	1,061	70,009
67	48.18%	768	370	24,778
68	58.06%	398	231	15,705
69	48.76%	167	81	5,614
70	100.00%	86	86	5,986
Total				642,894
Average				64.29

Schedule SB, Line 22 — Description of Weighted Average Retirement Age

Former Raytheon TI Systems Employees Pension Plan

(A) Retirement age	(B) Retirement Percent	(C) Lx	(D) Number of employees expected to retire (B) x (C)	(E) (A) x (D)
55	5.00%	10,000	500	27,500
56	3.00%	9,500	285	15,960
57	3.00%	9,215	276	15,758
58	3.00%	8,939	268	15,553
59	5.00%	8,670	434	25,578
60	8.00%	8,237	659	39,537
61	10.00%	7,578	758	46,225
62	20.00%	6,820	1,364	84,570
63	17.00%	5,456	928	58,435
64	30.00%	4,529	1,359	86,948
65	54.00%	3,170	1,712	111,267
66	35.00%	1,458	510	33,684
67	35.00%	948	332	22,227
68	35.00%	616	216	14,663
69	75.00%	400	300	20,724
70	100.00%	100	100	7,008
Total				625,636
Average				62.56

Schedule SB, Line 22 — Description of Weighted Average Retirement Age

Former E-Systems, Inc. Salaried Retirement Plan

Former HRB Systems, Inc. Salaried Retirement Plan

Former Raytheon E-Systems, Inc. Richardson/Waco Retirement Plan

(A) Retirement age	(B) Retirement Percent	(C) Lx	(D) Number of employees expected to retire (B) x (C)	(E) (A) x (D)
55	2.50%	10,000	250	13,750
56	2.50%	9,750	244	13,650
57	2.50%	9,506	238	13,546
58	5.00%	9,269	463	26,879
59	5.00%	8,805	440	25,975
60	7.50%	8,365	627	37,642
61	5.00%	7,738	387	23,599
62	15.00%	7,351	1,103	68,361
63	5.00%	6,248	312	19,681
64	5.00%	5,936	297	18,994
65	20.00%	5,639	1,128	73,305
66	50.00%	4,511	2,256	148,866
67	100.00%	2,256	2,256	151,122
Total				635,372
Average				63.54

Schedule SB, Line 22 — Description of Weighted Average Retirement Age

All Plans (Weighted by Active Headcount)

Plan Name	(A) Average Retirement Age	(B) Active Headcount	[(A) x (B)]
Raytheon Company Pension Plan for Salaried Employees before Merger	64.29	22,064	1,418,494.56
Former Raytheon TI Systems Employees Pension Plan	62.56	3,442	215,331.52
Former E-Systems, Inc. Salaried Retirement Plan	63.54	2,127	135,149.58
Former HRB Systems, Inc. Salaried Retirement Plan	63.54	266	16,901.64
Former Raytheon E-Systems, Inc. Richardson/Waco Retirement Plan	63.54	151	9,594.54
Former Raytheon Company Pension Plan for Discontinued Operations	N/A	N/A	N/A
Total		28,050	1,795,471.84
Average			64.01

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Actuarial Assumptions for January 1, 2013 Funding Valuation

Discount rate sponsor elections

- Segment rates or full yield curve Segment
- Look-back months 0
- Use stabilized rate – funding Yes
- Use stabilized rates – Section 436 Yes
benefit restrictions

	Stabilized	Nonstabilized
• First 5 years	4.94%	1.62%
• Next 15 years	6.15%	4.40%
• Over 20 years	6.76%	5.45%

Mortality sponsor elections

- Healthy participants Section 430(h)(3) prescribed separate static annuitant and nonannuitant mortality tables. These tables are based on the RP-2000 mortality tables projected with mortality improvement to the valuation year plus 7 and 15 years based on Scale AA
- Disabled active participants Same as healthy
- Disabled inactive participants Same as healthy

Other economic assumptions

- Salary increases 4.50 % per year
- Social Security wage base 3.75% per year
- Inflation 3.00% per year
- Expected investment return 8.75% per year but not greater than the 3rd segment rate in effect for each year (6.46% for 2011 and 7.52% for 2012)
- Expenses \$18,043,989 added to current year normal cost

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Demographic assumptions		
Withdrawal	See table of sample rates by plan.	
Disability incidence		
• HRB Systems, Inc. Salaried Retirement Plan, E-Systems, Inc. Salaried Retirement Plan, and Raytheon TI Systems Employees Pension Plan	See table of sample rates: 1985 Pension Disability Tables for Class 1 Occupations for males and females	
• Raytheon E-Systems, Inc. Richardson/Waco Retirement Plan	See table of sample rates: 1985 Pension Disability Tables for Class 3 Occupations for males and females	
• All other plans	N/A	
Retirement age	See table of sample rates by plan	
Benefit commencement age for		
— Future vested deferred	65	
— Current vested deferred ¹	65	
Spouse assumptions	<u>Male participants</u>	<u>Female participants</u>
— Percentage married	85%	75%
— Spouse age difference	3 years younger	3 years older

¹ In the Raytheon Company Pension Plan for Salaried Employees (before merger), certain deferred vested participants are assumed to retire at age 60 if they terminated after age 55 with 10 or more years of vesting service.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Form of payment				
		<u>5 Year Certain and Life</u>	<u>J&S 50%</u>	
• HRB Systems, Inc. Salaried Retirement Plan and E-Systems, Inc. Salaried Retirement Plan	Active retirements	100%	0%	
	Future vested deferred	100%	0%	
	Future disabilities	100%	0%	
	Future deaths	0%	100%	
	Current vested deferred	100%	0%	
		<u>Single Life</u>	<u>J&S 50%</u>	
• Raytheon E-Systems, Inc. Richardson/Waco Retirement Plan	Active retirements	100%	0%	
	Future vested deferred	100%	0%	
	Future disabilities	100%	0%	
	Future deaths	0%	100%	
	Current vested deferred	100%	0%	
		<u>Single Life</u>	<u>J&S 50%</u>	
• Raytheon Company Pension Plan for Salaried Employees before Merger	Active retirements	100%	0%	
	Future vested deferred	100%	0%	
	Future disabilities	N/A	N/A	
	Future deaths	0%	100%	
	Current vested deferred	100%	0%	
		<u>Single Life</u>	<u>Lump Sum</u>	<u>J&S 50%</u>
• Raytheon TI Systems Employees Pension Plan	Active retirements	10%	90%	0%
	Future vested deferred	0%	100%	0%
	Future disabilities	100%	0%	0%
	Future deaths	0%	0%	100%
	Current vested deferred	0%	100%	0%
		<u>Single Life</u>		
• Raytheon Company Pension Plan for Discontinued Operations	Active retirements	N/A		
	Future vested deferred	N/A		
	Future disabilities	N/A		
	Future deaths	N/A		
	Current vested deferred	100%		

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

417(e) lump sums for Raytheon TI Systems Employees Pension Plan	<p>The basis for lump sum payments is based on either:</p> <ul style="list-style-type: none"> • PBGC interest rates of 0.75% for 2013, 1.75% for 2013 and 2.75% thereafter and the UP-1984 mortality table or • Segmented interest rates of 4.5% for 5 years, 5.5% for the next 15 years and 6.0% thereafter and the current year 417(e) unisex mortality <p>whichever yields a larger lump sum value</p>
Unpredictable contingent event assumptions	N/A

Table of Sample Rates

Raytheon Company Pension Plan for Salaried Employees before Merger

Attained Age	Ultimate Withdrawal		Disability	
	Male	Female	Male	Female
20	5.4%	5.4%	N/A	N/A
25	5.3	5.3	N/A	N/A
30	5.1	5.1	N/A	N/A
35	4.7	4.7	N/A	N/A
40	3.5	3.5	N/A	N/A
45	1.8	1.8	N/A	N/A
50	0.4	0.4	N/A	N/A
55	0.0	0.0	N/A	N/A

As further allowance for heavy turnover in the early years of employment, the following additional turnover is based on years of service.

Service	Percent Terminating
1	50.0%
2	30.0
3	21.0
4	15.8
5	12.6
6	10.7
7	9.6
8	9.2
9	8.7
10	8.3
11 and over	0.0

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Attained Age	Retirement	
	Males	Females
55	2.20%	2.32%
56	0.70	0.74
57	0.71	0.75
58	0.73	0.77
59	0.75	0.78
60	1.29	1.34
61	1.34	1.38
62	8.36	8.60
63	9.54	9.80
64	10.76	10.99
65	72.60	73.66
66	57.44	58.59
67	47.64	48.71
68	57.48	58.63
69	48.38	49.13
70	100.00	100.00

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Former Raytheon TI Systems Employees Pension Plan

Attained Age	Ultimate Withdrawal		Disability	
	Male	Female	Male	Female
20	0.00%	0.00%	0.029%	0.030%
25	10.50	10.50	0.038	0.047
30	7.57	7.57	0.048	0.080
35	5.91	5.91	0.069	0.136
40	4.35	4.35	0.117	0.211
45	3.34	3.34	0.202	0.323
50	2.41	2.41	0.358	0.533
55	1.64	1.64	0.722	0.952
60	1.08	1.08	1.256	1.159
65	0.52	0.52	1.753	1.358
70	0.00	0.00	0.000	0.000

Attained Age	Retirement	
	Males	Females
55	5.00%	5.00%
56	3.00	3.00
57	3.00	3.00
58	3.00	3.00
59	5.00	5.00
60	8.00	8.00
61	10.00	10.00
62	20.00	20.00
63	17.00	17.00
64	30.00	30.00
65	54.00	54.00
66	35.00	35.00
67	35.00	35.00
68	35.00	35.00
69	75.00	75.00
70	100.00	100.00

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Former E-Systems, Inc. Salaried Retirement Plan

Attained Age	Ultimate Withdrawal	Disability	
		Male	Female
20	0.00%	0.029%	0.030%
25	10.20	0.038	0.047
30	7.30	0.048	0.080
35	5.40	0.069	0.136
40	4.10	0.117	0.211
45	3.30	0.202	0.323
50	2.70	0.358	0.533
55	2.20	0.722	0.952
60	1.90	1.256	1.159
65	0.00	1.753	1.358
70	0.00	0.000	0.000

As further allowance for heavy turnover in the early years of employment, the following select turnover rates are based on years of service

Select Period – Years of Service					
Entry Age	<1	<2	<3	<4	<5
25	24.00%	24.00%	20.00%	16.60%	14.20%
30	17.00	17.00	14.20	12.20	10.40
35	12.80	12.80	10.90	9.20	8.00
40	9.80	9.80	8.20	7.20	6.20
45	8.00	8.00	6.90	5.80	5.10
50	6.50	6.50	5.60	4.80	4.20
55	5.30	5.30	4.70	4.00	3.50
60	4.50	4.50	4.00	3.60	3.30
64	4.50	4.50	4.00	3.60	3.30

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Attained Age	Retirement Rates
55	2.50%
56	2.50
57	2.50
58	5.00
59	5.00
60	7.50
61	5.00
62	15.00
63	5.00
64	5.00
65	20.00
66	50.00
67	100.00

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Former HRB Systems, Inc. Salaried Retirement Plan

Attained Age	Ultimate Withdrawal	Disability	
		Male	Female
20	0.00%	0.029%	0.030%
25	10.20	0.038	0.047
30	7.30	0.048	0.080
35	5.40	0.069	0.136
40	4.10	0.117	0.211
45	3.30	0.202	0.323
50	2.70	0.358	0.533
55	2.20	0.722	0.952
60	1.90	1.256	1.159
65	0.00	1.753	1.358
70	0.00	0.000	0.000

As further allowance for heavy turnover in the early years of employment, the following select turnover rates are based on years of service.

Select Period – Years of Service					
Entry Age	<1	<2	<3	<4	<5
25	24.00%	25.50%	22.70%	20.40%	18.50%
30	17.00	18.30	16.20	14.60	13.30
35	12.80	13.50	12.00	10.80	9.80
40	9.80	10.30	9.10	8.20	7.50
45	8.00	8.30	7.30	6.60	6.00
50	6.50	6.80	6.00	5.40	4.90
55	5.30	5.50	4.90	4.40	4.00
60	4.50	4.80	4.20	3.80	3.50
64	4.50	4.50	4.00	3.60	3.30

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Attained Age	Retirement Rates
55	2.50%
56	2.50
57	2.50
58	5.00
59	5.00
60	7.50
61	5.00
62	15.00
63	5.00
64	5.00
65	20.00
66	50.00
67	100.00

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Former Raytheon E-Systems, Inc. Richardson/Waco Retirement Plan

Attained Age	Ultimate Withdrawal	Disability Rates	
		Male	Female
20	0.00%	0.151%	0.089%
25	10.20	0.219	0.150
30	7.30	0.309	0.252
35	5.40	0.431	0.388
40	4.10	0.597	0.547
45	3.30	0.829	0.777
50	2.70	1.224	1.201
55	2.20	2.118	1.962
60	1.90	3.240	2.326
65	0.00	4.369	2.718
70	0.00	0.000	0.000

As further allowance for heavy turnover in the early years of employment, the following select turnover rates are based on years of service.

Select Period – Years of Service					
Entry Age	<1	<2	<3	<4	<5
25	24.00%	24.00%	20.00%	16.60%	14.20%
30	17.00	17.00	14.20	12.20	10.40
35	12.80	12.80	10.90	9.20	8.00
40	9.80	9.80	8.20	7.20	6.20
45	8.00	8.00	6.90	5.80	5.10
50	6.50	6.50	5.60	4.80	4.20
55	5.30	5.30	4.70	4.00	3.50
60	4.50	4.50	4.00	3.60	3.30
64	4.50	4.50	4.00	3.60	3.30

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Attained Age	Retirement
55	2.50%
56	2.50
57	2.50
58	5.00
59	5.00
60	7.50
61	5.00
62	15.00
63	5.00
64	5.00
65	20.00
66	50.00
67	100.00

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Actuarial Methods for Funding*****Asset Methods – Effective January 1, 2011***

The asset valuation method is an average of the adjusted market value for each year during the last 24 months preceding the valuation date. The adjusted market value is the market value at each determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate. This amount is adjusted to be no greater than 110 percent and no less than 90 percent of the fair market value, as defined in IRC Section 430.

A characteristic of this asset method is that, over time, it is slightly more likely to produce an actuarial value of assets that is less than the market value of assets than an actuarial value that is greater than the market value.

Participant Methods – Effective January 1, 2011

Participants or former participants are included or excluded from the valuation as described below:

- **Participants included:** Xerox HR Solutions, LLP provides us with data on all employees as of the valuation date, but only those employees who have completed the plan's eligibility requirements are included in the valuation of liabilities.
- **Participants excluded:**
 - No actuarial liability is included for nonvested participants who terminated prior to the valuation date. For this purpose, participants with a break in service on the valuation date are treated as terminated participants.
 - It is assumed that 100% of participants with deferred benefits past age 66 will forfeit their benefits as described in Section 4.3 of the plan document. In addition, for retirees who elected a contingent annuitant form of payment and for whom no beneficiary data was provided, 15% of future beneficiaries are assumed to decease prior to receiving benefits.
- **Insurance contracts:** The plan does not have any insurance contracts.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Minimum Funding Methods – Effective January 1, 2011**

The funding target for minimum funding calculations is computed using the traditional unit credit method of funding. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- The plan's valuation date is the beginning of the plan year.
- An individual's **funding target** is the present value of future benefits based on credited service and average pay as of the beginning of the plan year, and an individual's **target normal cost** is the present value of the benefit expected to accrue in the plan year. If multiple decrements are used, the funding target and the target normal cost for an individual is the sum of the component funding targets and target normal costs associated with the various anticipated separation dates.
- The **plan's target normal cost** is the sum of the individual target normal costs, and the plan's **funding target** is the sum of the individual funding targets for all participants under the plan.

Schedule SB, Part V — Summary of Plan Provisions

Summary of Major Plan Provisions

Raytheon Company Pension Plan for Salaried Employees before Merger

Effective date and plan year	Original plan: January 1, 1950 Last amendment: December 28, 2009 Plan year: January 1
Status of the plan	The plan has ongoing benefit accruals but is closed to new entrants as of January 1, 2007.
Significant events that occurred during the year	None
Definitions	
• Participation	Age 21 and 1 year of service.
• Final average earnings	Annualized average of earnings during the best 60 consecutive months out of the last 120 months. "Earnings" include base pay, cash or deferred bonuses, and commissions, but may not exceed the compensation limit as specified in Section 401(a) of the Internal Revenue Code.
Normal retirement	
• Eligibility	Age 65
▪ Benefit	<p>The greater of:</p> <ul style="list-style-type: none"> 1.8% for the first 20 years of Membership plus 1.2% for each year of Membership in excess of 20, multiplied by the excess of Final Average Earnings over the primary Social Security benefit. \$492 per year of service (\$41 per month), plus 20% of employee contributions. <p>For members as of December 31, 1980, a benefit based on the prior plan formula. Prior to January 1, 1981, employee contributions were required to participate in the plan. Members may withdraw their contributions with interest and receive a reduced benefit at retirement. Benefits may not exceed the maximum benefit limit as specified in Section 415 of the Internal Revenue Code.</p>
Early retirement	
• Eligibility	Age 55 and 10 years of service.
• Benefit	Accrued benefit reduced 7.00% at age 59, plus an additional 7.00% for each year younger than age 59.
Late retirement	
• Benefit	Benefit will continue to accrue until retirement.

Schedule SB, Part V — Summary of Plan Provisions

Deferred vested		
• Eligibility	Completion of five years of vesting service.	
• Benefit	Percentage of accrued benefit according to the following schedule:	
	Age	Percentage
	65	100.0%
	64	93.3
	63	86.7
	62	80.0
	61	73.3
	60	66.7
	59	63.3
	58	60.0
	57	56.7
	56	53.3
	55	50.0
Disability		
• Eligibility	Disabled as defined under LTD plan.	
• Benefit	Member continues to accrue benefits during disability.	
Pre-retirement death		
• Eligibility	5 years of vesting service	
• Benefit	<p>If an active employee dies before retirement, the benefit consists of a return of member contributions accumulated at 8.00% interest per annum since December 31, 1980, if member is not vested at time of death.</p> <p>If a retired employee dies, the benefit consists of member contributions accumulated at 8.00% interest to early or normal retirement date, less the sum of contributory benefits received.</p> <p>The survivor benefit is equal to the amount payable to the member's spouse as if the member had survived to early retirement age, retired early, elected a 50% Joint and Survivor Annuity and then died. Benefit commences on the first of the month following the date the member would have been eligible to retire early and is payable for the lifetime of the spouse.</p>	
Unpredictable contingent event benefits	N/A	

Schedule SB, Part V — Summary of Plan Provisions

Form of benefits	
• Automatic form for unmarried participants	Single Life Annuity
• Automatic form for married participants	Actuarially reduced 50% Joint and Survivor benefit with the spouse as beneficiary
• Optional forms	66% Joint & Survivor Annuity 75% Joint & Survivor Annuity 100% Joint & Survivor Annuity Social Security Level Income 10 year Certain & Life
• Optional form conversion factors	Optional forms are converted using Actuarial Equivalence based on the PBGC interest rate used for valuing immediate and deferred annuities in effect for the period commencing two months prior to the commencement date and UP-1984 mortality.
Employee Contributions	Voluntary contributions are applied to provide a supplemental benefit. Employees who leave their contributions in the fund until retirement receive their contributions plus actual investment experience; employees who withdraw their contributions prior to retirement receive their contributions plus 8.0% interest
Miscellaneous	
• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2013, the limit is \$255,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2013, the limit is \$205,000.

Schedule SB, Part V — Summary of Plan Provisions

Former Raytheon TI Systems Employees Pension Plan

Definitions

<ul style="list-style-type: none"> Covered employees 	<p>All employees, whether full-time or part-time, are eligible to participate.</p> <ul style="list-style-type: none"> Any employee who was a participant under the TI Employees Pension Plan on July 22, 1997 continued as a participant. <p>Any employee who was not an employee on July 11, 1997 is eligible to participate in the plan after 12 months of employment during which the employee completed 1,000 hours of service.</p>
<ul style="list-style-type: none"> Credited Service 	<p>Credited Service for benefit accrual purposes for employment prior to January 1, 1976 is equal to the number of years and completed days of service from the participant's last date of employment to the earlier of January 1, 1976, normal retirement date, or date of termination. This includes any period of leave of absence during this time unless the participant was employed with a nonparticipating subsidiary.</p> <p>Credited Service for benefit accrual purposes for employment on or after January 1, 1976 is equal to the number of years and completed days of service during which an employee participated in the plan (or would have participated in the plan if there had been no age requirement.) This includes any period of leave of absence. For anyone employed on December 31, 1975 who became a participant on or before January 1, 1977, service during 1978 prior to participation is credited for benefit accrual purposes.</p> <p>Credited service for benefit accrual excludes all years of service prior to a break-in-credited-service occurring after December 1, 1975 and before January 1, 1985 of a participant who has not satisfied the requirements for a vested right to a deferred benefit and whose number of consecutive breaks in credited service equal or exceed the aggregate number of his years of credited service prior to the break in credited service. After January 1, 1985, five consecutive one-year breaks must occur before any service is excluded as described above.</p>

Schedule SB, Part V — Summary of Plan Provisions

• Vesting Service	<p>The number of years of credited service completed by a participant, excluding:</p> <ul style="list-style-type: none"> • All years of credited service prior to a termination of employment which occurred before January 1, 1976 except full calendar years of service for a participant who was rehired within two years after such termination of employment; and • All years of credited service prior to a break-in-credited-service until the participant has completed a year of credited service after the break-in-credited-service; and <p>All years of credited service prior to a break-in-credited service of any participant who has not satisfied the requirements for a vested right to deferred benefits and whose number of consecutive breaks-in-credited-service equal or exceed the aggregate number of his years of credited service prior to the break in credited service. After January 1, 1985, five consecutive one-year breaks must occur before any service is excluded as described above.</p>
• Average credited earnings	<p>The annual average of the participant's compensation for the highest five consecutive calendar years of credited service for benefit accrual.</p>
• Final average earnings	<p>The lower of:</p> <ul style="list-style-type: none"> • The average of participant's compensation, up to Social Security Wage Base, for the 3-year period ending with the year preceding retirement or termination, and • The average of the Social Security Wage Base for the 35-year period ending with the year the participant reaches Social Security Retirement Age.
• Covered Compensation	<p>Total earnings, including overtime, sales bonuses, performance premiums, incentive compensation, premiums for hazardous duty, hardship, etc., but excluding any travel expenses, resettlement allowances, cost-of-living differentials, income from stock options and completion bonuses. Compensation is limited in accordance with Section 401(a)(17) of the Code.</p>

Schedule SB, Part V — Summary of Plan Provisions

Normal retirement

• Eligibility	Age 65
• Benefit	<p>Expressed as a single-life annual annuity with payments commencing on the normal retirement date, the greater of:</p> <ul style="list-style-type: none"> • (1) less (2) below: <ul style="list-style-type: none"> (1) 1.5% of average credited earnings multiplied by the credited service for benefit accrual. (2) The product of the following factors: <ul style="list-style-type: none"> (i) The retirement age factor which ranges between 0.316% and 0.75% depending on Social Security normal retirement age at commencement; (ii) Final average earnings; (iii) Credited service for benefit accrual at normal retirement date, or actual retirement if later, limited to 35 years; (iv) The ratio, not greater than 1.0, of the credited service for benefit accrual at actual retirement or termination, to the credited service for benefit accrual at normal retirement date; • \$84 multiplied by credited service for benefit accrual. The benefit cannot be less than the benefit accrued to December 31, 1988, under the formula in effect at that date, plus the benefit based upon the above formula using credited service for benefit accrual after December 31, 1988 and reducing 35 years in (2)(iii) above by the credited service for benefit accrual prior to 1989. <p>For participants whose credited earnings in any year prior to 1994 exceeded \$150,000, the benefit cannot be less than the benefit accrued to December 31, 1993, plus the benefit based on the formula outlined above using credited service for benefit accrual after December 31, 1993 and reducing the 35 years in (2)(iii) above by the credited service for benefit accrual prior to 1994.</p> <p>For participants listed in Appendix A of the Plan, the single life annuity at normal retirement date cannot be less than the benefit shown in Appendix A plus the total amount of annual retirement benefit accrued from section (a) above after December 31, 1997, reduced by sections (2)(i-iv) above the entire credited service for benefit accrual.</p>

Schedule SB, Part V — Summary of Plan Provisions

Early retirement	
• Eligibility	Age 60 with 5 years of service, or age 55 with 20 years of service.
• Benefit	The annuity is determined as for normal retirement considering credited service for benefit accrual and compensation to date of termination. An employee may elect to receive a reduced benefit commencing on the first day of any month prior to his normal retirement date beginning with the second month following his termination. The reduction is 1/3% for each of the first 60 months for which payment shall be made before age 65 and 7/24% for each of the next 60 months, except for the portion under (2) of the formula, as described above, since the retirement age factor has been adjusted for early commencement.
Late retirement	
• Benefit	The annuity is computed considering credited service for benefit accrual and compensation to actual retirement.
Deferred vested	
• Eligibility	Completion of five years of vesting service.
• Benefit	The participant is entitled to an annuity deferred to age 65. The benefit is determined as for early retirement. If the participant terminates prior to age 60, then the participant may elect to receive a reduced benefit commencing on the first day of any month prior to his normal retirement date, beginning with the second month following his attainment of age 60. This reduced benefit shall be actuarially determined.
Disability	
• Eligibility	Totally and permanently disabled prior to age 65 and after 5 years of credited service for vesting.
• Benefit	The annuity, deferred to age 65, is computed as for normal retirement, considering compensation to date of disablement and credited service for benefit accrual (including number of years and days between the date of disablement and the normal retirement date) to normal retirement date.

Schedule SB, Part V — Summary of Plan Provisions

Pre-retirement death	
• Eligibility	5 years of vesting service
• Benefit prior to normal retirement	The designated beneficiary of a participant who dies in-service and beyond normal retirement shall receive a benefit equal to 50% of the normal retirement benefit the participant would have received had he retired on the date of his death.
• Benefit after normal retirement	Upon the death of an active participant who has met the requirements for a deferred vested benefit, the designated beneficiary is eligible to receive a benefit for life (or the equivalent lump sum) equal to 50% of the benefit the employee could have received if he had terminated employment on the date of his death and elected a Joint and Survivor option with payments commencing at the earliest date permissible.
Unpredictable contingent event benefits	N/A
Form of benefits	
• Automatic form for unmarried participants	Single Life Annuity
• Automatic form for married participants	Actuarially reduced 50% Joint and Survivor benefit with the spouse as beneficiary.
• Optional forms	Lump sum 75% Joint & Survivor Annuity 100% Joint & Survivor Annuity 5 or 10 year Certain & Life
• Optional form conversion factors	Optional forms are converted using Actuarial Equivalence based on an interest rate equal to the rate used by the PBGC for lump sum determinations in the first month of the Plan Year and UP-1984 mortality with no set-back for participants and a 3-year set-back for beneficiaries.
Mortality used in lump sum	The plan was amended effective December 31, 2002 to reflect the change in mandated mortality used in lump sum calculations. This change was made in accordance with IRC Section 417(e) and IRS Revenue Ruling 2001-62.
Miscellaneous	
• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2013, the limit is \$255,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2013, the limit is \$205,000.

Schedule SB, Part V — Summary of Plan Provisions

Former Raytheon Company Pension Plan for Discontinued Operations

Status of the plan	<p>Effective December 31, 1999, the following plans merged to form the Raytheon Company Plan for Discontinued Operations:</p> <ul style="list-style-type: none"> • Raytheon Company Retirement Income Plan for Appliance Employees • Amana Florence Hourly Pension Plan • Seiscor Technologies Inc. Retirement Income Plan • Amana New Jersey Service Group Bargaining Unit Plan • Amana Delaware Bargaining Unit Pension Plan • Raytheon Company Pension Plan for Hourly Appliances Employees
Definitions	
• Participation	Age 21 and 1 year of service.
• Credited Service	Participants whose benefit accrual under the Plan terminated as a result of the sale of Raytheon Appliances shall continue to receive credit from September 11, 1997 to the earlier of retirement, death, or September 11, 1998.
• Final average earnings	The average gross compensation earned by a participant during the 5 highest consecutive calendar years of the last 10 calendar years worked. Gross compensation includes amounts contributed to Company 401(k) plan under salary reduction arrangement, and bonuses and commissions paid, and may not exceed the compensation limit as specified in Section 401(a)(17) of the Internal Revenue Code.
Normal retirement	
• Eligibility	Age 65
• Benefit	<p>The greater of:</p> <ul style="list-style-type: none"> • 1.8% for the first 20 years of Membership plus 1.2% for each year of Membership in excess of 20, multiplied by the excess of Final Average Earnings over the primary Social Security benefit. • \$348 per year of service (\$29 per month), plus 20% of employee contributions. <p>The benefit payable to former participants of the Speed Queen Company Pension Plan for Salaried Employees will be no less than the benefit the participant had earned as of December 31, 1996.</p>
Early retirement	
• Eligibility	Age 55 and 5 years of service.
• Benefit	Normal retirement benefit reduced 7.00% at age 59, plus an additional 7.00% for each year younger than age 59.

Schedule SB, Part V — Summary of Plan Provisions

Deferred vested	
• Eligibility	5 years of service or eligible employees on September 11, 1997 who were participants under the Plan on September 11, 1997.
• Benefit	Normal retirement benefit deferred to age 65. However, a participant may elect to retire early provided early retirement eligibility criteria are met. In this case, the benefit equals early retirement benefit.
Disability	
• Eligibility	Totally and permanently disabled following 10 years of service.
• Benefit	Member continues to accrue benefits during disability.
Pre-retirement death	
• Eligibility	5 years of vesting service
• Benefit	Surviving Spouse Benefit equal to the amount payable to the member's spouse as if the member had survived to early retirement age, retired early, elected a 50 percent Joint and Survivor Annuity and then died. Benefit commences on the first of the month following the date the member would have been eligible to retire early and is payable for lifetime of spouse.
Unpredictable contingent event benefits	N/A
Form of benefits	
• Automatic form for unmarried participants	Single Life Annuity
• Automatic form for married participants	Actuarially reduced 50% Joint and Survivor benefit with the spouse as beneficiary.
• Optional forms	66% Joint & Survivor Annuity 75% Joint & Survivor Annuity 100% Joint & Survivor Annuity 5 or 10 year Certain & Life
• Optional form conversion factors	Optional forms are converted using Actuarial Equivalence based on the PBGC interest rate used for valuing immediate and deferred annuities in effect for the period commencing two months prior to the commencement date and UP-1984 mortality.
Miscellaneous	
• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2013, the limit is \$255,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2013, the limit is \$205,000.

Schedule SB, Part V — Summary of Plan Provisions

Former Raytheon Company Pension Plan for Discontinued Operations (Amana Florence Hourly)

Definitions	
• Participation	Immediate. Employees on January 1, 1991 receive service credit back to date of hire. The plan is closed to new entrants.
Normal retirement	
• Eligibility	Social Security Retirement Age dependent upon the Participant's birth date.
• Benefit	\$204 per year of service.
Early retirement	
• Eligibility	Age 62 and 10 years of service.
• Benefit	Normal retirement benefit reduced 7.00% for each year prior to normal retirement date.
Deferred vested	
• Eligibility	5 years of service or eligible employees on September 11, 1997 who were participants under the Plan on September 11, 1997.
• Benefit	Normal retirement benefit deferred to age 65. However, a participant may elect to retire early provided early retirement eligibility criteria are met. In this case, the benefit equals early retirement benefit.
Pre-retirement death	
• Eligibility	5 years of vesting service
• Benefit	Surviving Spouse Benefit equal to the amount payable to the member's spouse as if the member had survived to earliest retirement age, retired early, elected a 50 percent Joint and Survivor Annuity and then died. Benefit commences on the first of the month following the date the member would have been eligible to retire early and is payable for the lifetime of spouse. If the member was eligible to retire early at the time of death, the amount will be calculated as if the member had elected a 100 percent Joint and Survivor Annuity.
Unpredictable contingent event benefits	N/A

Schedule SB, Part V — Summary of Plan Provisions

Form of benefits	
• Automatic form for unmarried participants	Single Life Annuity
• Automatic form for married participants	Actuarially reduced 50% Joint and Survivor benefit with the spouse as beneficiary.
• Optional forms	66% Joint & Survivor Annuity 75% Joint & Survivor Annuity 100% Joint & Survivor Annuity 5 or 10 year Certain & Life
• Optional form conversion factors	Optional forms are converted using Actuarial Equivalence based on the PBGC interest rate used for valuing immediate and deferred annuities in effect for the period commencing two months prior to the commencement date and UP-1984 mortality.
Miscellaneous	
• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2013, the limit is \$255,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2013, the limit is \$205,000.

Schedule SB, Part V — Summary of Plan Provisions

Former Raytheon Company Pension Plan for Discontinued Operations (Seiscor Technologies)

Definitions	
• Participation	Age 21 and 1 year of service.
• Credited Service	Service credited while an employee is a member of the plan. Due to the sale of Seiscor Technologies effective March 31, 1998, all benefit accruals were frozen.
• Final average earnings	Annualized average of earnings during highest 5 consecutive calendar years out of last 10 calendar years worked. "Earnings" include base pay, overtime, premium pay and commissions, but exclude bonuses and may not exceed the compensation limit as specified in Section 401(a)(17) of the Internal Revenue Code.
Normal retirement	
• Eligibility	Age 65.
• Benefit	1 2/3% of Final Average Earnings multiplied by total Benefit Service less 1 2/3% of Primary Social Security Benefit multiplied by total Benefit Service, not to exceed 30 years.
Early retirement	
• Eligibility	Age 55 and 10 years of service, or age 50 and 15 years of service.
• Benefit	Normal retirement benefit reduced 3.00% at age 59, plus an additional 3.00% for each year younger than age 59.
Deferred vested	
• Eligibility	5 years of service.
• Benefit	Normal retirement benefit deferred to age 65. However, a participant may elect to retire early provided early retirement eligibility criteria are met. In this case, the benefit equals early retirement benefit.
Pre-retirement death	
• Eligibility	5 years of vesting service
• Benefit	<p>Surviving Spouse Benefit equal to half of the amount the employee would have received had the employee terminated employment at death, retired immediately (or when first eligible, if later) and elected to receive benefits under the 50 percent Joint and Survivor form.</p> <p>If previously elected by the participant, an optional death benefit equal to the amount which would have been payable under a 66 2/3 or 75 percent Joint and Survivor form may be elected by an employee at a respective cost of 1/6 or 1/4 percent, of the benefit per year of coverage.</p>
Unpredictable contingent event benefits	N/A

Schedule SB, Part V — Summary of Plan Provisions

Form of benefits	
• Automatic form for unmarried participants	Single Life Annuity
• Automatic form for married participants	Actuarially reduced 50% Joint and Survivor benefit with the spouse as beneficiary.
• Optional forms	66% Joint & Survivor Annuity 75% Joint & Survivor Annuity 100% Joint & Survivor Annuity 5 or 10 year Certain & Life
• Optional form conversion factors	Optional forms are converted using Actuarial Equivalence based on the PBGC interest rate used for valuing immediate and deferred annuities in effect for the period commencing two months prior to the commencement date and UP-1984 mortality.
Cost of living adjustment eligibility	All those receiving benefits from the plan.
Cost of living adjustment	The benefit payable to a participant or beneficiary will be adjusted beginning with the 37th monthly payment based on the average annual U.S. Department of Labor Cost-of-Living Index as a whole during the preceding 3 years. Subsequent annual adjustments will be based on the preceding calendar year's Cost-of-Living Index. Each adjustment will be limited to 4.5% and will not be applied if the adjustment amount does not exceed \$1.00.
Miscellaneous	
• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2013, the limit is \$255,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2013, the limit is \$205,000.

Schedule SB, Part V — Summary of Plan Provisions

Former Raytheon Company Pension Plan for Discontinued Operations (Amana New Jersey)

Definitions

- Participation 1 year of service.

Normal retirement

- Eligibility Age 65.
- Benefit \$276 per year of service. Effective June 7, 1997 the annual benefit increased to \$288 per year of service for members of Teamsters Local 1518. Only service through September 11, 1997 is used in calculating the benefit.

Early retirement

- Eligibility Age 62, or age 55 and 20 years of service.
- Benefit Normal retirement benefit reduced 10.00% at age 61, plus an additional 5.00% for each year younger than age 61.

Deferred vested

- Eligibility 5 years of service.
- Benefit Normal retirement benefit deferred to age 65. However, a participant may elect to retire early provided early retirement eligibility criteria are met. In this case, the benefit equals early retirement benefit.

Disability

- Eligibility Totally and permanently disabled.
- Benefit Actuarially reduced normal retirement benefit if under age 50 at onset of disability; otherwise, normal retirement benefit without reduction.

Pre-retirement death

- Eligibility 5 years of vesting service
- Benefit Surviving Spouse Benefit equal to the amount payable to the member's spouse as if the member had survived to early retirement age, retired early, elected a 100 percent Joint and Survivor Annuity and then died. Benefit commences on the first of the month following the date the member would have been eligible to retire early and is payable for lifetime of spouse.

- **Unpredictable contingent event benefits** N/A

Schedule SB, Part V — Summary of Plan Provisions

Form of benefits	
• Automatic form for unmarried participants	Single Life Annuity
• Automatic form for married participants	Actuarially reduced 50% Joint and Survivor benefit with the spouse as beneficiary.
• Optional forms	66% Joint & Survivor Annuity 75% Joint & Survivor Annuity 100% Joint & Survivor Annuity 5 or 10 year Certain & Life
• Optional form conversion factors	Optional forms are converted using Actuarial Equivalence based on the PBGC interest rate used for valuing immediate and deferred annuities in effect for the period commencing two months prior to the commencement date and UP-1984 mortality.
Employees contributions	Voluntary contributions are applied to provide a supplemental benefit. Employees who leave their contributions in the fund until retirement receive their contributions plus actual investment experience; employees who withdraw their contributions prior to retirement receive their contributions plus 3.5% interest.
Miscellaneous	
• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2013, the limit is \$255,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2013, the limit is \$205,000.

Schedule SB, Part V — Summary of Plan Provisions

Former Raytheon Company Pension Plan for Discontinued Operations (Amana Delaware)

Definitions	
• Participation	1 year of service.
Normal retirement	
• Eligibility	Age 65.
• Benefit	\$204 per year of service. Only service through September 11, 1997 is used in calculating the benefit.
Early retirement	
• Eligibility	Age 55 and 1 year.
• Benefit	Normal retirement benefit reduced 5.00% at age 61, plus an additional 5.00% for each year younger than age 61.
Deferred vested	
• Eligibility	5 years of service.
• Benefit	Normal retirement benefit deferred to age 65. However, a participant may elect to retire early provided early retirement eligibility criteria are met. In this case, the benefit equals early retirement benefit.
Disability	
• Eligibility	Totally and permanently disabled following 15 years of service.
• Benefit	Normal retirement benefit payable immediately.
Pre-retirement death	
• Eligibility	Vested.
• Benefit	Surviving Spouse Benefit equal to the amount payable to the member's spouse as if the member had survived to early retirement age, retired early, elected a 50 percent Joint and Survivor Annuity and then died. Benefit commences on the first of the month following the date the member would have been eligible to retire early and is payable for lifetime of spouse.
Unpredictable contingent event benefits	N/A

Schedule SB, Part V — Summary of Plan Provisions

Form of benefits	
• Automatic form for unmarried participants	Single Life Annuity.
• Automatic form for married participants	Actuarially reduced 50% Joint and Survivor benefit with the spouse as beneficiary.
• Optional forms	66% Joint & Survivor Annuity 75% Joint & Survivor Annuity 100% Joint & Survivor Annuity 5 or 10 year Certain & Life
• Optional form conversion factors	Optional forms are converted using Actuarial Equivalence based on the PBGC interest rate used for valuing immediate and deferred annuities in effect for the period commencing two months prior to the commencement date and UP-1984 mortality.
Miscellaneous	
• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2013, the limit is \$255,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2013, the limit is \$205,000.

Schedule SB, Part V — Summary of Plan Provisions

Former Raytheon Company Pension Plan for Discontinued Operations (Hourly Appliance)

Definitions	
• Participation	1 year of service.
• Credited Service	Participants whose benefit accruals terminated as a result of the Raytheon Appliances sale received credit from September 11, 1997 to the earlier of retirement, death or September 11, 1998.
Normal retirement	
• Eligibility	Age 65.
• Benefit	\$228 per year of service (effective March 1, 1997).
Early retirement	
• Eligibility	Age 55 and 10 year.
• Benefit	Normal retirement benefit reduced 10.00% at age 61, plus an additional 5.00% for each year younger than age 61.
Deferred vested	
• Eligibility	5 years of service or eligible employees on September 11, 1997 who were participants under the Plan on September 11, 1997.
• Benefit	Normal retirement benefit deferred to age 65. However, a participant may elect to retire early provided early retirement eligibility criteria are met. In this case, the benefit equals early retirement benefit.
Disability	
• Eligibility	Totally and permanently disabled following 10 years of service.
• Benefit	Normal retirement benefit payable on or after age 55.
Pre-retirement death	
• Eligibility	5 years of vesting service.
• Benefit	Surviving Spouse Benefit equal to the amount payable to the member's spouse as if the member had survived to early retirement age, retired early, elected a 50 percent Joint and Survivor Annuity and then died. Benefit commences on the first of the month following the date the member would have been eligible to retire early and is payable for lifetime of spouse.
Unpredictable contingent event benefits	N/A

Schedule SB, Part V — Summary of Plan Provisions

Form of benefits	
• Automatic form for unmarried participants	Single Life Annuity
• Automatic form for married participants	Actuarially reduced 50% Joint and Survivor benefit with the spouse as beneficiary.
• Optional forms	66% Joint & Survivor Annuity 75% Joint & Survivor Annuity 100% Joint & Survivor Annuity 5 or 10 year Certain & Life
• Optional form conversion factors	Optional forms are converted using Actuarial Equivalence based on the PBGC interest rate used for valuing immediate and deferred annuities in effect for the period commencing two months prior to the commencement date and UP-1984 mortality.
Miscellaneous	
• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2013, the limit is \$255,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2013, the limit is \$205,000.

Schedule SB, Part V — Summary of Plan Provisions

Former Raytheon E-Systems, Inc. Richardson Waco Retirement Plan

Definitions

• Participation	Age 21 and 1 year of service, provided the employee is not represented by a collective bargaining unit calling for contributions to another pension plan. The plan is closed to new entrants.
• Credited Service	Service after completion of an hour of service. 1,000 or more hours of service constitute one year of eligibility service. Benefit service is equal to the total of all periods of employment after January 1, 1990.
• Vesting Service	The total of all service at Chrysler Technologies Corporation, Raytheon E-Systems at Waco and Richardson, and Raytheon E-Systems.
• Final average earnings	Base Salary (excluding contingent, incentive, or deferred compensation, bonuses, overtime, and all other extraordinary compensation) up to the limit of IRC Section 401(a)(17). Average monthly compensation is the considered compensation for a period divided by the number of months for which the compensation was received. The period is the 60 successive calendar months out of the last 180 calendar months which yield the highest average prior to the earlier of termination date or normal retirement date.

Normal retirement

• Eligibility	The later of age 65 or 5 years of service.
• Benefit	<p>The benefit is based on one or both of the following benefit formulas. Waco participants are covered by the Excess Formula. Richardson participants have their pension determined under both formulas as described:</p> <ul style="list-style-type: none"> • Step-Up/\$12 Formula (Post-1996 Benefit Service) <ul style="list-style-type: none"> (1) Basic Part $1.2\% \times \text{Average Monthly Pay} \times \text{Post-1996 Years of Benefit Service up to 10 years}$ <p style="text-align: center;">Plus</p> $1.6\% \times \text{Average Monthly Pay} \times \text{Post-1996 Years of Benefit Service in excess of 10 years}$ (2) Minimum Part $\\$12.00 \times \text{Years of Post-1996 Benefit Service}$ • Excess Formula (Pre-1997 Benefit Service for Richardson Employees) $1\% \times \text{Average Monthly Pay} \times \text{Pre-1997 Years of Benefit Service up to 35 years}$ <p style="text-align: center;">Plus</p> $0.4\% \times \text{Average Monthly Pay in excess of 150\% of Social Security Monthly Pay} \times \text{Pre-1997 Years of Benefit Service up to 35 years}$

Schedule SB, Part V — Summary of Plan Provisions

Early retirement	
• Eligibility	Age 55 or 60, with 10 years of service.
• Benefit	<p>The benefit, commencing immediately and payable for life with a minimum of 60 monthly payments, is calculated in the same manner as the Normal Retirement Benefit and reduced for commencement more than five years prior to normal retirement age according to the following schedule:</p> <ul style="list-style-type: none"> ▪ Step-Up/\$12 Formula – Normal retirement benefit reduced 1.00% at age 59, 3.00% more at age 58, 5.00% more at age 57, 7.00% more at age 56, and 9.00% more at age 55. <p>Percent of Excess Formula – Normal retirement benefit reduced 6.00% at age 61, plus 6.00% for each year younger than age 61.</p>
Late retirement	
• Benefit	Benefit will continue to accrue until retirement.
Deferred vested	
• Eligibility	5 years of service.
• Benefit	An employee who terminates with five or more years of vesting service but does not, at the termination date, meet the requirements for normal or early retirement as specified, is eligible for a deferred vested benefit. The annuity, commencing at Normal Retirement Date, shall be computed as for normal retirement using service and compensation to date of termination.
Disability	
• Eligibility	Totally and permanently disabled, following 5 years of service.
• Benefit	The benefit is calculated in the same manner as the Normal Retirement Benefit based on average monthly pay at termination and benefit service projected to Normal Retirement Age.
Pre-retirement death	
• Eligibility	5 years of vesting service.
• Benefit	The monthly benefit is an amount equal to 50% of the benefit the employee would have received if the employee had terminated on the date of his death under the Deferred Vested, Early, or Normal Retirement and chosen a 50% Joint and Survivor benefit and then died. The benefit would commence on the date the employee would have reached his earliest retirement date.
Unpredictable contingent event benefits	N/A

Schedule SB, Part V — Summary of Plan Provisions

Form of benefits

• Automatic form for unmarried participants	Single Life Annuity
• Automatic form for married participants	Actuarially reduced 50% Joint and Survivor benefit with the spouse as beneficiary, unless they reject it. The married Participant may elect in writing with the written consent of his spouse to receive benefits in the form of a single life annuity.
• Optional forms	75% Joint & Survivor Annuity 100% Joint & Survivor Annuity 66% Last To Survive Annuity 5 or 10 year Certain & Life
• Optional form conversion factors	Optional forms are converted using Actuarial Equivalence based on a 9% interest rate and GAM-1983 mortality (70% male, 30% female).

Miscellaneous

• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2013, the limit is \$255,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2013, the limit is \$205,000.

Schedule SB, Part V — Summary of Plan Provisions

Former Raytheon E-Systems, Inc. Salaried

Definitions

<ul style="list-style-type: none"> Participation 	<p>Age 21 and 1 year of service, provided:</p> <ul style="list-style-type: none"> The employee is paid on a salaried basis or works for the Melpar or Montek Divisions of E-Systems; and, The employee is not represented by a collective bargaining unit calling for contributions to another pension plan.
<ul style="list-style-type: none"> Credited Service 	<p>Prior to January 1, 1976, service from the participant's last period of continuous employment. On and after January 1, 1976, total of all periods of employment as an eligible employee, including leaves of absences of less than one year. Benefit service will not begin until February 1, 1975 for prior Air-Asia employees, until September 1, 1978 for prior Serv-Air employees, or September 21, 1970 for prior Melpar employees.</p>
<ul style="list-style-type: none"> Vesting Service 	<p>Prior to January 1, 1976 (September 1, 1978 for prior Serv-Air employees), service from the participant's last period of continuous employment. On and after January 1, 1976 (September 1, 1978 for prior Serv-Air employees), total of all periods of employment including absences of less than one year.</p>
<ul style="list-style-type: none"> Final average earnings 	<p>Total W-2 (excluding bonuses and overtime pay paid prior to January, 1982, commissions paid after July 1, 1970, expense allowances, and all other extraordinary compensation). Average monthly compensation is the considered compensation for a period divided by the number of months for which the compensation was received. The period is the 60 successive calendar months out of the last 120 months which yield the highest average prior to the earlier of termination or normal retirement date.</p>

Schedule SB, Part V — Summary of Plan Provisions

Normal retirement	
• Eligibility	The later of age 65 or 5 years of service.
• Benefit	<p>An annuity, payable for life with a minimum of 60 monthly payments, computed as follows:</p> <ul style="list-style-type: none"> For retirement before January 1, 1991, the greater of: <ol style="list-style-type: none"> The difference between <ol style="list-style-type: none"> 1-1/2% of average monthly compensation multiplied by the number of years of benefit service; <u>less</u>, 1/2% of monthly primary Social Security benefit multiplied by the number of years of benefit service; or \$12 multiplied by the number of years of benefit service for participants attaining age 50 before January 1, 1990, the amount calculated under (1) above. For retirement on or after January 1, 1991, the greatest of: <ol style="list-style-type: none"> The sum of <ol style="list-style-type: none"> 1.2% of average monthly compensation multiplied by the number of years of benefit service (limited to ten years); plus 1.6% of average monthly compensation multiplied by the number of years of benefit service in excess of ten years; and The sum of <ol style="list-style-type: none"> The amount calculated under (1) above, with service, earnings, and Social Security as of December 31, 1990; plus <p>The amount calculated under (4) above, based on benefit service after December 31, 1990 (but using all benefit service to determine whether (2) or (3) above applies)</p>
Early retirement	
• Eligibility	Age 55 with 10 years of service.
• Benefit	Normal retirement benefit reduced 1.00% for 6 years prior to normal retirement date, 3.00% more for 7 years, 5.00% more for 8 years, 7.00% more for 9 years, and 9.00% more for 10 years.
Late retirement	
• Benefit	Benefit will continue to accrue until retirement.
Deferred vested	
• Eligibility	5 years of service.
• Benefit	An employee who terminates with five or more years of vesting service is eligible for a deferred vested benefit. The annuity, commencing at Normal Retirement Date and payable for life with a minimum of 60 monthly payments, shall be computed as for early retirement using service and compensation to date of termination and projected primary Social Security. An actuarially reduced pension may commence after attainment of age 55.

Schedule SB, Part V — Summary of Plan Provisions

Disability

• Eligibility	Totally and permanently disabled, following 10 years of service.
• Benefit	The benefit, payable for life with a minimum of 60 monthly payments, shall be computed as for normal retirement using compensation to date of retirement but anticipated benefit service to normal retirement date and projected primary Social Security.

Schedule SB, Part V — Summary of Plan Provisions

Pre-retirement death

• Eligibility	5 years of vesting service.
• Benefit	<p>If an active employee who is eligible for an early or vested benefit dies on or after January 1, 1995, the surviving spouse is eligible for a pension. The monthly benefit is an amount equal to 50% of the benefit the employee would have received if the employee had terminated on the date of his death under the Deferred Vested, Early, Optional Early, or Normal Retirement, chosen a 50% Joint and Survivor benefit and then died.</p> <p>If a retired employee dies on or after August 1, 1995, but before the Normal Retirement Date, the surviving spouse is eligible for a pension payable for life. The spouse's monthly benefit is an amount equal to 50% of the benefit the employee would have received based on the 50% Joint and Survivor option.</p> <p>If an employee dies after disability retirement and after August 1, 1995, the surviving spouse is eligible for a pension payable for life. The monthly benefit is an amount equal to 50% of the benefit the employee would have received if the employee had terminated on the date of his death under the Deferred Vested, Optional Early or Early Retirement based on the 50% Joint and Survivor option.</p> <p>If an employee dies after deferred vested retirement and after August 1, 1995, the surviving spouse is eligible for a pension. The monthly benefit is an amount equal to 50% of the benefit the employee would have received on the spouse's commencement date based on the 50% Joint and Survivor option.</p> <p>The spouse can choose to begin receiving the pension on the first day of any month prior to the employee's Normal Retirement Date. All reductions and 50% conversion factors are based on the ages of the employee and the spouse at the date benefits commence. However, if the spouse does not make this election, payments will commence on the employee's Normal Retirement Date. If the employee's death is after his Normal Retirement Date, payments will commence on the first day of the next month.</p>
Unpredictable contingent event benefits	N/A

Schedule SB, Part V — Summary of Plan Provisions

Form of benefits

• Automatic form for unmarried participants	5-year certain and life.
• Automatic form for married participants	Actuarially reduced 50% Joint and Survivor benefit with the spouse as beneficiary, unless they reject it.
• Optional forms	66% Joint & Survivor Annuity 75% Joint & Survivor Annuity 100% Joint & Survivor Annuity 66% Last To Survive Annuity 5 or 10 year Certain & Life Lump sum (if the present value of the pension benefit is less than \$5,000.)
• Optional form conversion factors	Optional forms are converted using Actuarial Equivalence based on an interest rate of 7% and 1971 Group Annuity Mortality Table Projected by Scale D to 1975.

Miscellaneous

• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2013, the limit is \$255,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2013, the limit is \$205,000.

Schedule SB, Part V — Summary of Plan Provisions

Former HRB Systems, Inc. Salaried Retirement Plan

Definitions

• Participation	Age 21 and 1 year of service, provided the employee is not represented by a collective bargaining unit calling for contributions to another pension plan.
• Credited Service	Total of all period of employment after January 1, 1991, and upon the completion of one year of service for eligibility purposes, including leaves of absences of less than one year.
• Vesting Service	The total of all periods of employment including absences of less than one year.
• Final average earnings	Total W-2 (excluding commissions, expense allowances, and all other extraordinary compensation). Average monthly compensation is the considered compensation for a period divided by the number of months for which the compensation was received. The period is the best 60 successive calendar months out of the last 120 months which yield the highest average prior to the earlier of termination or normal retirement date.

Normal retirement

• Eligibility	The later of age 65 or 5 years of service.
• Benefit	<p>An annuity, payable for life with a minimum of 60 monthly payments, which is the greater of:</p> <ul style="list-style-type: none"> • The sum of: <ul style="list-style-type: none"> (1) 1.2% of average monthly compensation multiplied by the number of years of benefit service (limited to 10 years) plus, (2) 1.6% of average monthly compensation multiplied by the number of years of benefit service in excess of 10 years; or • \$12 multiplied by the number of years of benefit service.

Early retirement

• Eligibility	Age 55 with 10 years of service.
• Benefit	The annuity, commencing immediately and payable for life with a minimum of 60 monthly payments, is reduced for commencement more than 5 years prior to normal retirement age according to the following schedule: 1.00% for 6 years, 3.00% more for 7 years, 5.00% more for 8 years, 7.00% more for 9 years, and 9.00% more for 10 years.

Late retirement

• Benefit	Benefit will continue to accrue until retirement.
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Schedule SB, Part V — Summary of Plan Provisions

Deferred vested

- | | |
|---------------|---|
| • Eligibility | 5 years of service. |
| • Benefit | An employee who terminates with five or more years of vesting service is eligible for a deferred vested benefit. The annuity, commencing at Normal Retirement Date and payable for life with a minimum of 60 monthly payments, shall be computed as for early retirement using service and compensation to date of termination and projected primary Social Security. An actuarially reduced pension may commence after attainment of age 55. |

Disability

- | | |
|---------------|---|
| • Eligibility | Totally and permanently disabled, following 10 years of service, and to start at normal retirement date. |
| • Benefit | The benefit, payable for life with a minimum of 60 monthly payments, shall be computed as for normal retirement using compensation to date of retirement but anticipated benefit service to normal retirement date and projected primary Social Security. |
-

Schedule SB, Part V — Summary of Plan Provisions

Pre-retirement death

- | | |
|---------------|---|
| • Eligibility | 5 years of vesting service. |
| • Benefit | <p>If an active employee who's eligible for an early or vested benefit dies on or after January 1, 1995, the surviving spouse is eligible for a pension. The monthly benefit is an amount equal to 50% of the benefit the employee would have received if the employee had terminated on the date of his death under the Deferred Vested, Early, Optional Early, or Normal Retirement, chosen a 50% joint and survivor benefit and then died.</p> |

If a retired employee dies on or after August 1, 1995, but before the Normal Retirement Date, the surviving spouse is eligible for a pension payable for life. The spouse's monthly benefit is an amount equal to 50% of the benefit the employee would have received based on the 50% joint and survivor option.

If an employee dies after disability retirement and after August 1, 1995, the surviving spouse is eligible for a pension payable for life. The monthly benefit is an amount equal to 50% of the benefit the employee would have received if the employee had terminated on the date of his death under the Deferred Vested, Optional Early or Early Retirement based on the 50% joint and survivor option.

If an employee dies after deferred vested retirement and after August 1, 1995, the surviving spouse is eligible for a pension. The monthly benefit is an amount equal to 50% of the benefit the employee would have received on the spouse's commencement date based on the 50% joint and survivor option.

The spouse can choose to begin receiving the pension on the first day of any month prior to the employee's Normal Retirement Date. All reductions and 50% conversion factors are based on the ages of the employee and the spouse at the date benefits commence. However, if the spouse does not make this election, payments will commence on the employee's Normal Retirement Date. If the employee's death is after his Normal Retirement Date, payments will commence on the first day of the next month.

Unpredictable contingent event benefits	N/A
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Schedule SB, Part V — Summary of Plan Provisions

Form of benefits

• Automatic form for unmarried participants	5-year certain and life.
• Automatic form for married participants	Actuarially reduced 50% Joint and Survivor benefit with the spouse as beneficiary, unless they reject it.
• Optional forms	66% Joint & Survivor Annuity 75% Joint & Survivor Annuity 100% Joint & Survivor Annuity 66% Last To Survive Annuity 5 or 10 year Certain & Life Lump sum (if the present value of the pension benefit is less than \$5,000.)
• Optional form conversion factors	Optional forms are converted using Actuarial Equivalence based on an interest rate of 7% and 1971 Group Annuity Mortality Table Projected by Scale D to 1975.

Miscellaneous

• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2013, the limit is \$255,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2013, the limit is \$205,000.

Schedule SB, Part V — Summary of Plan Provisions***Benefits Included or Excluded***

Unless noted below, all benefits provided by the plan, as restated effective January 1, 2001, with provisions in effect as of March 28, 2005 and amended December 28, 2009 are included in this valuation.

- **Most recent plan amendments included:** Not applicable.
- **Plan amendments excluded:** None
- **Late retirement increases:**
 - *Deferred vested participants:* Current deferred vested participants over normal retirement age are valued including the late retirement actuarial increase.
- **Internal Revenue Code limitations:** The limitations of Internal Revenue Code Section 415(b) and 401(a)(17) have been incorporated into our calculations.
- **IRC Section 416 rules for top-heavy plans:** We did not test whether this plan is top-heavy (when the present value of benefits for key employees equals or exceeds 60 percent of the present value for all participants). However, we expect that the plan is not top-heavy due to the large number of rank-and-file participants; therefore, the funding target and target normal cost do not reflect any liability for top-heavy benefit accruals.
- **IRC Section 436 benefit restrictions:**
 - *Unpredictable contingent event benefits:* This valuation excludes restricted contingent event benefits that occurred before the valuation date but includes contingent event benefits which are expected to occur on or after the valuation date regardless of anticipated funding-based limitations.
 - *Plan amendments:* See above.
 - *Prohibited payments:* Limitations on prohibited benefits (if any) are reflected for annuity starting dates before the valuation date but are ignored for annuity starting dates on or after the valuation date.
 - *Benefit accruals:* The plan's funding target does not reflect any limitation on benefit accruals. The target normal cost does not reflect any limitation on benefit accruals.
 - *Scheduled benefit increases:* None.
- **Unpredictable contingent event benefits:** The plan does not have any unpredictable contingent event benefits.

Plan Provision Changes Since Prior Valuation

Maximum compensation and maximum benefits were updated from 2012 to 2013.

Schedule SB, Line 24 — Change in Actuarial Assumptions

- Expenses loaded on the normal cost increased from \$9,729,333 to \$18,043,989 to reflect our expectations for the current plan year.
- Mortality and Interest rates were updated from 2012 to 2013 in accordance with PPA.
- Actuarial equivalence for lump sums was changed to be based on either:
 - PBGC interest rate of 0.75% in 2013, 1.75% in 2014 and 2.75% thereafter (1.25% in 2012, 2.25% in 2013 and 3.00% thereafter in the prior valuation) and UP-1984 mortality, or
 - Segmented interest rates of 4.5% for 5 years, 5.5% for the next 15 years and 6.0% thereafter and the current year 417(e) unisex mortality

whichever yields a larger lump sum.

Schedule SB, Line 26 — Schedule of Active Participant Data

Attained age	Years of credited service										
	Under 1	1–4	5–9	10–14	15–19	20–24	25–29	30–34	35–39	40 & up	Total
Under 25			17								17
25–29	5 60,332	88 60,332	631 79,186								724
30–34	8 67,490	95 67,490	2,301 87,602	496 98,389	2						2,902
35–39	16 74,620	85 74,620	1,335 95,892	1,215 104,249	120 119,633						2,771
40–44	12 83,428	76 83,428	1,148 102,604	870 108,908	292 125,381	84 112,529	1				2,483
45–49	23 72,273	96 83,098	1,292 108,474	949 112,578	338 129,831	589 127,078	450 123,414	8			3,745
50–54	16 89,391	96 89,391	1,584 114,546	1,116 114,824	414 129,030	688 129,853	1,547 136,562	674 119,191	8		6,143
55–59	23 81,540	82 94,361	1,182 114,673	923 112,384	317 122,758	439 124,404	866 128,785	1,147 131,752	255 108,534	11	5,245
60–64	13 85,085	46 85,085	686 115,782	446 111,932	151 124,409	250 117,302	366 122,672	468 123,729	237 124,871	124 97,382	2,787
65–69	12 121,045	12 121,045	235 121,045	154 120,594	53 122,124	85 110,082	83 122,087	133 121,970	72 141,287	125 114,392	964
70 & up	1 104,678	9 104,678	51 104,678	49 107,098	16	23 91,864	27 101,496	36 111,631	21 111,033	36 113,288	269
Total	129	702	10,445	6,218	1,703	2,158	3,340	2,466	593	296	28,050

In each cell, the top number is the count of active participants for each age/service combination and the bottom number is average pay for 2012 limited to \$250,000. Average pay is not shown for cells with fewer than 20 participants.

Schedule SB, Line 32 — Schedule of Amortization Bases

The total shortfall amortization charge is the sum of the individual shortfall amortization installment for each plan year since the IRC Section 430 changes made by the Pension Protection Act of 2006 (PPA) took effect for the plan. Although an individual shortfall amortization installment can be negative, the combined shortfall amortization charge cannot be less than \$0.

Shortfall bases					
Year established		Outstanding balance	Years remaining		2013 Installment
2013	\$	111,890,136	7	\$	18,673,565
Total	\$	111,890,136		\$	18,673,565

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	<small>OMB No. 1210-0110</small> 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>	
► Round off amounts to nearest dollar.	
► Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.	
A Name of plan Raytheon Company Pension Plan for Salaried Employees	B Three-digit plan number (PN) <u>024</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Raytheon Company	D Employer Identification Number (EIN) 95-1778500
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2013</u>			
2 Assets:			
a Market value	2a		8,559,702,710
b Actuarial value	2b		8,508,001,084
3 Funding target/participant count breakdown:		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	27,741	3,560,877,762
b For terminated vested participants	3b	29,660	909,512,930
c For active participants:			
(1) Non-vested benefits	3c(1)		154,149,421
(2) Vested benefits	3c(2)		3,684,897,809
(3) Total active	3c(3)	28,050	3,839,047,230
d Total	3d	85,451	8,309,437,922
4 If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5		6.33 %
6 Target normal cost	6		275,343,928

Statement by Enrolled Actuary
 To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<div style="text-align: center;"> Signature of actuary </div> <div style="text-align: center;"> Jonathan R. Barry, F.S.A. Type or print name of actuary </div> <div style="text-align: center;"> Mercer Firm name </div> <div style="text-align: center;"> 99 High Street Boston MA 02110-2320 Address of the firm </div>	<div style="text-align: center;"> Date </div> <div style="text-align: center;"> 14-06048 Most recent enrollment number </div> <div style="text-align: center;"> (617) 747-9500 Telephone number (including area code) </div>
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Part II Beginning of Year Carryover and Prefunding Balances			
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	248,908,966
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	248,908,966
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of <u>12.50</u> %		
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		486,806,822
	b Interest on (a) using prior year's effective interest rate of <u>7.03</u> % except as otherwise provided (see instructions)		34,222,520
	c Total available at beginning of current plan year to add to prefunding balance		521,029,342
	d Portion of (c) to be added to prefunding balance		310,453,298
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d - line 12)	0	310,453,298

Part III Funding Percentages			
		14	98.65 %
14	Funding target attainment percentage		
15	Adjusted funding target attainment percentage	15	102.38 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	103.96 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
12/18/2013	150,000,000				
04/01/2014	73,505,000				
05/01/2014	64,726,000				
06/02/2014	64,726,000				
07/01/2014	64,726,000				
Totals ►			18(b)	417,683,000	18(c)
					0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	387,534,759

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost			
21 Discount rate:			
a Segment rates:	1st segment: 4.94 %	2nd segment: 6.15 %	3rd segment: 6.76 % ☐ N/A, full yield curve used
b Applicable month (enter code).....			21b 0
22 Weighted average retirement age			22 64
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			
Part VI Miscellaneous Items			
24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No			
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No			
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No			
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....			27
Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years			
28 Unpaid minimum required contributions for all prior years			28 0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....			29 0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)			30 0
Part VIII Minimum Required Contribution For Current Year			
31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)			31a 275,343,928
b Excess assets, if applicable, but not greater than line 31a			31b 0
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment.....	111,890,136		18,673,565
b Waiver amortization installment	0		0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount			33
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ..			34 294,017,493
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	310,453,298	310,453,298
36 Additional cash requirement (line 34 minus line 35).....			36 0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....			37 387,534,759
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)			38a 387,534,759
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances			38b 294,017,493
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)			39 0
40 Unpaid minimum required contributions for all years			40 0
Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)			
41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment			42
43 Excess installment acceleration amount to be carried over to future plan years			43

Raytheon Company Pension Plan For Salaried Employees

Financial Statements

To Accompany 2013 Form 5500

Annual Report of Employee Benefit Plan

Under ERISA of 1974

December 31, 2013 and 2012

Raytheon Company Pension Plan for Salaried Employees

Index

December 31, 2013 and 2012

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The supplemental schedules to the Plan's Form 5500 are not required since the Plan's assets are held in a Master Trust. Accordingly, the Plan Administrator must file detailed financial information for the Master Trust, including the supplemental schedules, separately with the Department of Labor.



Independent Auditor's Report

To the Participants and Administrator of Raytheon Company Pension Plan for Salaried Employees

We have audited the accompanying financial statements of Raytheon Company Pension Plan for Salaried Employees (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2013 and December 31, 2012, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Plan's net assets available for benefits as of December 31, 2013 and changes therein for the year then ended and its financial status as of December 31, 2012, and changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

Boston, Massachusetts
September 11, 2014

Raytheon Company Pension Plan for Salaried Employees
Statements of Net Assets Available for Benefits
December 31, 2013 and 2012

	2013	2012
Assets		
Investments at fair value (Notes 2, 6 and 7)		
Raytheon Master Pension Trust	\$ 9,469,128,476	\$ 8,309,431,354
Net assets held in 401(h) account (Notes 5, 6 and 7)	188,670,020	178,354,850
Receivables		
Employer contributions	267,683,000	320,220,000
Plan transfers in (Note 1)	6,939,097	7,459,014
Total assets	<u>\$9,932,420,593</u>	<u>8,815,465,218</u>
Liabilities		
Accrued administrative expenses	200,187	365,508
Other liabilities	17,525,509	11,440,349
Net assets held in 401(h) account (Notes 5, 6 and 7)	<u>188,670,020</u>	<u>178,354,850</u>
Total liabilities	<u>206,395,716</u>	<u>190,160,707</u>
Net assets available for benefits	<u>\$9,726,024,877</u>	<u>\$ 8,625,304,511</u>

The accompanying notes are an integral part of these financial statements.

Raytheon Company Pension Plan for Salaried Employees
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2013 and 2012

	2013	2012
Additions		
Raytheon Master Pension Trust investment income (Notes 2, 6 and 7)	\$ 1,254,090,024	\$ 910,874,689
Employer contributions	417,683,000	530,220,000
Other Income	330,458	359,636
Plan transfer in (Note 1)	6,939,097	7,421,014
Total additions	<u>1,679,042,579</u>	<u>1,448,875,339</u>
Deductions		
Benefit payments	\$ 557,444,306	\$ 451,900,422
Administrative expenses	20,877,907	18,207,826
Total deductions	<u>578,322,213</u>	<u>470,108,248</u>
Net increase in net assets available for benefits	1,100,720,366	978,767,091
Net assets available for benefits, beginning of year	<u>8,625,304,511</u>	<u>7,646,537,420</u>
Net assets available for benefits, end of year	<u>\$9,726,024,877</u>	<u>\$ 8,625,304,511</u>

The accompanying notes are an integral part of these financial statements.

Raytheon Company Pension Plan for Salaried Employees

Notes to Financial Statements

December 31, 2013 and 2012

1. Plan Description

The following description of the Raytheon Company Pension Plan for Salaried Employees (the "Plan") is for general purposes only. Participants should refer to the Summary Plan Document or the Plan document for a complete description of the Plan's provisions.

General

The Plan is a noncontributory defined benefit pension plan that covers all eligible salaried employees of the Raytheon Company and certain of its subsidiaries (the "Company").

Effective December 31, 2000, the HRB Systems, Inc. Salaried Retirement Plan, Raytheon E-Systems Inc. Salaried Employees Retirement Plan, Raytheon E-Systems, Inc. Richardson/Waco Retirement Plan (formerly the ESI/CTAS Retirement Plan), Raytheon TI Systems, Inc. Employee Pension Plan, and Raytheon Company Pension Plan for Discontinued Operations were merged into the Plan and ceased to exist as separate plans after December 31, 2000. Participants in the original plans retain the provisions and benefits of the original plans.

Investments are held in the Raytheon Master Pension Trust ("Master Trust"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Benefits, Eligibility and Vesting

The Plan provides specified retirement and death benefits to be paid from the net assets available for benefits. The level of benefits is based principally upon years of service and average compensation. Annual earnings in excess of the limit provided for that year by Section 401(a) (17) of the Internal Revenue Code, are not used in determining benefits under the Plan. The references to Exhibits in the following disclosures relate to Exhibits contained in the Plan Document. The standard form of retirement benefit for unmarried participants covered by Exhibit A (Raytheon Salaried); Exhibit E (Raytheon TI Systems); and Exhibit F (Discontinued Operations) is a monthly payment beginning the month following retirement and continuing until death. The standard form of benefit for unmarried participants covered by Exhibit B (E-Systems Salaried); Exhibit C (HRB Systems) and Exhibit D (Richardson Waco for participants terminating or retiring after January 1, 1999) is a five year certain and continuous benefit for all participants except Waco participants in Exhibit D. The standard form of benefit for married participants is a reduced monthly payment for the participant's life and one-half of that payment for the life of the participant's surviving spouse (or same sex domestic partner, if appropriate forms have been filed with the Raytheon Benefit Center). Other optional forms of benefits are also available. Under Exhibit E (Raytheon TI Systems) a lump sum form of payment is available to participants.

Each employee becomes a participant in this Plan on attainment of age 21 and completion of one year of service. Participants are fully vested upon completion of five years of vesting service. Effective January 1, 1999, any new employee who became a participant in the Plan entered Exhibit A, contained in the Plan document, the legacy Raytheon salaried provisions of the Plan.

Effective January 1, 2007, employees who are either hired or rehired (after the expiration of any salary continuation payments) are not eligible to participate in the Plan. In addition, former employees who are rehired on or after March 1, 2007, and have received or are receiving payment from a Company-sponsored pension plan are not eligible to participate in the Plan.

Raytheon Company Pension Plan for Salaried Employees
Notes to Financial Statements
December 31, 2013 and 2012

Participants in the Plan retain the benefit rate of their legacy plans. The following schedule details these benefit rates:

Legacy Plan	Benefit Rate
Raytheon Company Pension Plan for Salaried Employees	The greater of: (a) 1.8% for the first 20 years of membership plus 1.2% for each year of membership in excess of 20, multiplied by the excess of final average earnings over the primary Social Security benefit; or (b) For retirements on and after November 1, 1993 and before November 1, 2001, an annual benefit of \$348 per year of service. For retirements on and after November 1, 2001, an annual benefit of \$492 per year of service, or (c) for participants who earned pension credit under the Plan as of December 31, 1980, the benefit earned under the provisions then in effect increased by 10% plus a benefit for service on and after January 1, 1981 which participant would have earned if the benefit formula in the Plan on December 31, 1980 had remained in effect.
Raytheon TI Systems, Inc. Employees Pension Plan	The greater of (a) 1.5% per year of service times Final Average Compensation less a Retirement Age Factor times years of service times the smaller of (average of the last three years earnings up to the Social Security Wage Base, and Social Security Covered Compensation), and (b) an annual benefit of \$84 per year of credited service. The Retirement Age Factor is defined as 0.65% for participants born on or after January 1, 1955; 0.70% for Participants born after December 31, 1937, and before January 1, 1955; and 0.75%, for Participant's born on or before December 31, 1937.
Raytheon E-Systems, Inc. Richardson/ Waco Retirement Plan (CTAS Division) – Waco Participants	Years of benefit service after 1989 (not to exceed 35) multiplied by the sum of (a) 1% of the participant's final average compensation, as defined in the plan document and (b) 0.4% of the participant's final average compensation, as defined in the plan document, in excess of 150% of Social Security Covered Compensation.
Raytheon E-Systems, Inc. Richardson/ Waco Retirement Plan (ESI Division) – Richardson Participants	Years of Benefit service after 1989 and before 1997 (not to exceed 35) multiplied by the sum of (a) 1% of the participant's final average compensation, as defined in the plan document and (b) 0.4% of the participant's final average compensation, as defined in the plan document in excess of 150% of Social Security Covered Compensation plus 1.2% of final average compensation multiplied by years of benefit service earned on and after January 1, 1997, but not to exceed 10 years, plus 1.6% of final average compensation multiplied by the years of benefit service earned on and after January 1, 1997 that exceed 10 years.

Raytheon Company Pension Plan for Salaried Employees
Notes to Financial Statements
December 31, 2013 and 2012

Legacy Plan	Benefit Rate
Raytheon E-Systems, Inc. Salaried Employees Retirement Plan	For retirements on or after January 1, 1991, the greater of: (a) 1.2% of average monthly compensation for the first 10 years of benefit service plus 1.6% of average monthly compensation for each year in excess of 10; (b) \$12 per year of benefit service; (c) 1.5% of average monthly compensation for each year of benefit service earned as of December 31, 1990 less 0.5% of monthly Primary Social Security Benefit as of December 31, 1990 plus 1.2% of average monthly compensation for the first 10 years of benefit service accrued after December 31, 1990 plus 1.6% of average monthly compensation for each year in excess of 10 years of benefit service accrued after December 31, 1990; or (d) for participants who were 50 or older on December 31, 1990: 1.5% of average monthly compensation for each year of benefit service less 0.5% of monthly Primary Social Security Benefit.
HRB Systems, Inc. Salaried Retirement Plan	A monthly benefit which is the greater of: (a) 1.2% of average monthly compensation for the first 10 years of benefit service plus 1.6% of average monthly compensation for each year in excess of 10; or (b) \$12 per year of benefit service after 1990.
Raytheon Company Pension Plan for Discontinued Operations (Former Participants of the Raytheon Company Retirement Income Plan for Appliances Employees)	The greater of: (a) 1.8% of Final Average Compensation for the first 20 years plus 1.2% for each year of compensation in excess of 20, multiplied by the excess of final average earnings over the primary Social Security benefit; or (b) an annual benefit of \$348 per year of service.
Raytheon Company Pension Plan for Discontinued Operations (Former Participants of the Amana Florence Hourly Pension Plan)	An annual benefit of \$204 per year of service.
Raytheon Company Pension Plan for Discontinued Operations (Former Participants of the Seiscor Technologies, Inc. Retirement Income Plan)	An annual benefit of 1 2/3% of Final Average Compensation multiplied by total benefit service less 1 2/3% of Primary Social Security Benefit multiplied by benefit service, not to exceed 30 years reduced by the cost of optional death benefit coverage, if applicable.

Raytheon Company Pension Plan for Salaried Employees
Notes to Financial Statements
December 31, 2013 and 2012

Legacy Plan	Benefit Rate
Raytheon Company Pension Plan for Discontinued Operations (Former Participants of the Amana New Jersey Service Group Bargaining Unit Plan)	An annual benefit of \$288 per year of service for employees terminated on or after June 6, 1997, subject to a minimum benefit of \$125 per month for participants who have a termination of employment on or after January 1, 1975 with 20 or more years of service.
Raytheon Company Pension Plan for Discontinued Operations (Former Participants of the Amana Delaware Bargaining Unit Pension Plan)	An annual benefit of \$204 per year of service for employees terminated on or after November 1, 1993.
Raytheon Company Pension Plan for Discontinued Operations (Former Participants of the Raytheon Company Pension Plan for Hourly Appliances Employees)	An annual benefit of \$228 per year of service for participants terminating on or after March 1, 1997.
Raytheon Company Pension Plan for Discontinued Operations (Former Participants of the Seismograph Service Corporation Retirement Plan)	An annual benefit of 1 2/3% of Final Average Earnings multiplied by total benefit service less 1 2/3% of Primary Social Security Benefit multiplied by benefit service, not to exceed 30 years reduced by the cost of optional death benefit coverage, if applicable.

Contributions

The Company makes contributions to the Plan to ensure assets are sufficient to pay the benefits of the Plan. The Plan does not permit contributions by participants.

Plan Transfers In

Transfers in are assets transferred from the Raytheon Company Pension Plan for Hourly Employees to the Plan for retirees with service under both plans, and whose benefit and liability were transferred to the Plan.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting.

Investment Valuation and Income Recognition

The Plan and 401(h) account's interest in the Master Trust is stated at fair value. Net investment income/ (loss) from the Master Trust is allocated proportionately on a monthly basis based on the Plan and 401(h) account's interest in the Master Trust. See Note 5 and Note 7 for additional information.

Raytheon Company Pension Plan for Salaried Employees

Notes to Financial Statements

December 31, 2013 and 2012

Contributions

Employer contributions are funded and recorded as determined by actuarial computation. See Note 4 for additional information.

Benefit Payments

Benefit payments to participants are recorded when paid.

Administrative Expenses

The Plan is administered by the Plan Administrator appointed by the Company's Senior Vice President of Human Resources and Global Security. All expenses of the Plan, which primarily consist of professional and administrative fees, are paid by the Plan. Expenses specifically related to the Plan are included in the Statements of Changes in Net Assets Available for Benefits under "Administrative expenses." Additionally, expenses paid directly by the Master Trust, which primarily consist of investment management fees, are allocated proportionally on a monthly basis based on the Plan's interest in the Master Trust and are included in the Statements of Changes in Net Assets Available for Benefits under "Raytheon Master Pension Trust investment income."

Use of Estimates

The Plan's financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") and require the Plan Administrator to make significant estimates and assumptions that affect the reported amounts of net assets available for benefits at the date of the financial statements and the actuarial present value of accumulated plan benefits as of the benefit information date, the changes in net assets available for benefits during the reporting period and, when applicable, the disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

New Accounting Pronouncements

In December 2011, the Financial Accounting Standard Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-11, "Disclosures about Offsetting Assets and Liabilities." ASU 2011-11 requires disclosures to make financial statements that are prepared under U.S. GAAP more comparable to those prepared under International Financial Reporting Standards ("IFRS"). The new disclosure requirements mandate that entities disclose both gross and net information about instruments and transactions eligible for offset in the statement of assets and liabilities as well as instruments and transactions subject to an agreement similar to a master netting agreement. In addition, ASU 2011-11 requires disclosure of collateral received and posted in connection with master netting agreements or similar arrangements. New disclosures are required for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. Management has evaluated the impact of ASU 2011-11 on the Plan's financial statements and has determined that additional disclosure is not required.

Raytheon Company Pension Plan for Salaried Employees

Notes to Financial Statements

December 31, 2013 and 2012

3. Actuarial Present Value of Accumulated Pension Plan Benefits

Accumulated plan benefits are those future periodic payments that are attributable, under the Plan's provisions, to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of deceased employees, and (c) active employees or their beneficiaries. Benefits are based principally upon years of service and compensation. Benefits payable under all circumstances – retirement, death, and termination of employment – are included to the extent that they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by the Company's consulting actuary, Mercer, and is the amount which results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of retirement, decrements for death, or withdrawal) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuation as of December 31, 2012 and 2011, are as follows:

Assumption rate of return on investments for accumulated benefits	- 8.75% as of December 31, 2012 and 2011
Mortality basis	- Section 430(h)(3) prescribed separate static annuitant and non- annuitant mortality tables. These tables are based on the RP-2000 mortality tables projected with mortality improvement to the valuation year plus 7 and 15 years based on scale AA
Retirement Age	- Several rates, varying by age from 55 to 70

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Raytheon Company Pension Plan for Salaried Employees
Notes to Financial Statements
December 31, 2013 and 2012

Assumption Changes

There have been changes in the actuarial assumptions since the prior valuation of the Plan, as follows:

- Mortality was updated from the section 430(h)(3) prescribed separate static annuitant and non-annuitant mortality tables from 2012 to 2013.
- Actuarial equivalence for lump sums was changed to be based on either:
 - 1) PBGC interest rate of 0.75% in 2013, 1.75% in 2014 and 2.75% thereafter (1.25% in 2012, 2.25% in 2013 and 3.00% thereafter in the prior valuation) and UP-1984 mortality, or
 - 2) Segmented interest rates of 4.5% for 5 years, 5.5% for the next 15 years and 6.0% thereafter and the current year 417(e) unisex mortality, whichever yields a larger lump sum.

The above changes were made to reflect anticipated demographic and economic experience.

As of December 31, 2012, the most recent valuation date, the actuarial present value of accumulated plan benefits is as follows:

Vested benefits	
Participants receiving benefits	\$2,982,466,038
Participants with deferred benefits	646,971,309
Active participants	<u>2,806,121,296</u>
Total vested benefits	6,435,558,643
Nonvested benefits	<u>109,411,843</u>
Total actuarial present value of accumulated plan benefits	<u><u>\$ 6,544,970,486</u></u>

The following is an analysis of changes in the present value of accumulated plan benefits:

Actuarial present value of accumulated plan benefits as of December 31, 2011	\$6,205,426,146
Benefits accumulated and non-investment (gains)/losses	232,795,935
Increase for interest due to decrease in discount period	520,191,553
Benefit payments	(451,900,422)
Assumption changes	<u>38,457,274</u>
Actuarial present value of accumulated plan benefits as of December 31, 2012	<u><u>\$ 6,544,970,486</u></u>

Raytheon Company Pension Plan for Salaried Employees
Notes to Financial Statements
December 31, 2013 and 2012

4. Funding Policy

Pension Benefits

The employer's contributions are actuarially determined to fund the Plan's current normal costs on a current basis and to generally fund the existing unfunded liability on account of qualified service prior to the valuation date in accordance with the amortization schedules prescribed by ERISA minimum funding requirements (as amended by the Pension Protection Act). At the Company's discretion, and to the extent allowable under maximum tax deductibility regulations, contributions above the ERISA minimum requirements may be made to the Plan. Contributions for the years ended December 31, 2013 and 2012 met the minimum funding requirements of ERISA.

Medical Benefits

The medical benefits to be provided through the 401 (h) Account will be funded by participant and employer contributions. Company contributions to the Plan, which are specifically designated by the Company at the time made as contributions to fund medical benefits, are maintained in a separate Retiree Medical Account (Note 5). To the extent assets in this account are not sufficient to fund such medical benefits, such benefits shall be paid from such other funding vehicles as the Company may establish, or in the absence of such other funding vehicles, directly by the Company. Assets designated for pension benefits may not be used to pay for medical benefits.

5. 401(h) Account

The Plan includes a medical-benefit component in addition to the normal retirement benefits to fund a portion of the postretirement obligations for retirees and their beneficiaries in accordance with Section 401(h) of the Internal Revenue Code (IRC). A separate account has been established and maintained in the Plan for the net assets related to the medical-benefit component ("401(h) account"). In accordance with IRC Section 401(h), the Plan's investments in the 401(h) account may not be used for, or diverted to, any purpose other than providing health benefits for retirees and their beneficiaries. Any assets transferred to the 401(h) account from the defined benefit pension plan in a qualified transfer of excess pension plan assets (and any income allocable thereto) that are not used during the plan year must be transferred out of the account to the pension plan. The obligations related to the health benefits are not included in this plan's present value of accumulated plan benefits but are reflected as obligations in the financial statements of Raytheon Retiree Health Benefits Plan. Employer contributions or qualified transfers to the 401(h) account are determined annually and are at the discretion of the plan sponsor. Certain of the Plan's net assets are restricted to fund a portion of postretirement health benefits for retirees and their beneficiaries in accordance with IRC Section 401(h).

The following table presents the components of the net assets as of December 31, 2013 and 2012:

	December 31, 2013	December 31, 2012
Interest in Raytheon Master Pension Trust (See Note 7)	\$ 188,670,020	\$ 178,354,850

Raytheon Company Pension Plan for Salaried Employees
Notes to Financial Statements
December 31, 2013 and 2012

6. Reconciliation between Financial Statements and Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	December 31, 2013	December 31, 2012
Net assets per Form 5500	\$9,914,694,897	\$ 8,803,659,361
Less: 401(h) account (Note 5)	<u>(188,670,020)</u>	<u>(178,354,850)</u>
Net assets per financial statements	<u>\$9,726,024,877</u>	<u>\$ 8,625,304,511</u>

The following is a reconciliation of the changes in net assets per the financial statements to the Form 5500:

	Year ended 2013		
	Amounts per Financial Statements	401(h) Account	Amounts per Form 5500
Raytheon Master Pension			
Trust investment income	\$ 1,254,090,024	\$ 25,984,165	\$ 1,280,074,189
Employer contributions	417,683,000	1,117,232	418,800,232
Participant contributions	-	13,302,364	13,302,364
Other income	330,458	-	330,458
Administrative expenses	20,877,907	1,439,518	22,317,425
Benefit payments	557,444,306	28,649,073	586,093,379

	Year ended 2012		
	Amounts per Financial Statements	401(h) Account	Amounts per Form 5500
Raytheon Master Pension			
Trust investment income	\$ 910,874,689	\$ 20,594,179	\$ 931,468,868
Employer contributions	530,220,000	2,954,763	533,174,763
Participant contributions	-	12,786,204	12,786,204
Other income	359,636	-	359,636
Administrative expenses	18,207,826	1,444,167	19,651,993
Benefit payments	451,900,422	27,381,121	479,281,543

Raytheon Company Pension Plan for Salaried Employees
Notes to Financial Statements
December 31, 2013 and 2012

7. Master Trust

Summary Financial Information

The Plan's assets are held in the Master Trust, which was established for the investment of assets of the Plan and several other Company sponsored retirement plans. The assets of the Master Trust are held by the Bank of New York Mellon ("BNY Mellon"), the Trustee. The Investment Committee, appointed by the Chairman and CEO of the Company, periodically reviews the asset allocation and performance of the investments held in the Master Trust. The investment policy, as approved by the Investment Committee, permits asset diversification to include a combination of cash and cash equivalents, publicly traded equity securities, private equity funds, fixed-income securities, private real estate funds, commingled funds and other investments such as insurance contracts, derivatives and repurchase agreements.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Raytheon Company Pension Plan for Salaried Employees

Notes to Financial Statements

December 31, 2013 and 2012

At December 31, 2013 and 2012, the Plan owned approximately 51% and 50%, respectively, of the fair value of the Master Trust net assets, which includes the 401(h) account. The total net assets of the Master Trust at December 31, 2013 and 2012 were:

	2013	2012
Assets		
Investments at fair market value		
Interest-bearing cash	\$44,224,802	\$783,831
U.S. government bonds (includes securities on loan of \$ - and \$3)	63,196,935	61,721,457
Corporate debt instruments and other fixed income securities (includes securities on loan of \$ - and \$900,998)	2,323,391,457	2,264,916,176
Corporate stock - preferred	28,349,357	31,050,272
Corporate stock - common and other equity securities (includes securities on loan of \$ - and \$13,384,258)	4,809,526,586	3,750,728,645
Investment of securities lending collateral	-	11,246,750
Commingled funds	7,840,043,642	7,116,380,008
Registered investment companies	2,789,823,773	2,785,093,313
Unallocated insurance contracts	16,980,737	16,258,269
Purchased options (premiums paid of \$1,029,518 and \$169,365)	375,959	17,980
Collateral for futures held	20,754,673	9,027,882
	<u>\$17,936,667,921</u>	<u>\$16,047,224,583</u>
Investments at estimated fair market value		
Private equity funds	621,508,525	413,755,610
Private real estate funds	337,986,066	259,385,384
	<u>\$959,494,591</u>	<u>\$673,140,994</u>
Cash	7,107,922	6,341,266
Cash held at broker	-	6,296,213
Foreign cash	8,696,455	6,867,872
Interest and dividends receivable	31,609,370	44,207,823
Unrealized gain on futures contracts	20,401,172	1,338,650
Receivable for forward foreign currency contracts	1,464,964	1,876,160
Receivable for securities sold	113,142,699	212,766,431
Other receivables	51,752	4,153,816
	<u>51,752</u>	<u>4,153,816</u>
Total assets	<u>\$19,078,636,846</u>	<u>\$17,004,213,808</u>
Liabilities		
Cash due to broker	\$3,342,273	\$ -
Interest and dividend payable	54,945	100,014
Unrealized loss on futures contracts	1,579,212	2,273,927
Payable for forward foreign currency contracts	822,196	403,377
Payable for securities lending collateral	-	14,810,658
Payable for securities purchased	30,106,502	60,364,613
Other payables	8,290,949	7,922,387
	<u>\$44,196,077</u>	<u>\$85,874,976</u>
Total liabilities	<u>\$44,196,077</u>	<u>\$85,874,976</u>
Master Trust net assets	<u>\$19,034,440,769</u>	<u>\$16,918,338,832</u>
Plan's interest in Master Trust, including 401(h) account	<u>\$9,657,798,496</u>	<u>\$8,487,786,204</u>

Raytheon Company Pension Plan for Salaried Employees
Notes to Financial Statements
December 31, 2013 and 2012

The following table is a summary of the investment earnings and the net appreciation (depreciation) in the fair market value of the Master Trust for the years ended December 31, 2013 and 2012:

	2013	2012
Net appreciation (depreciation) in fair value of investments		
Interest-bearing and foreign cash	(\$315,276)	(\$363,394)
U.S. government bonds	(5,666,123)	(950,744)
Corporate debt instruments and other fixed income securities	(76,390,047)	142,712,567
Corporate stock – preferred	(4,224,083)	345,705
Corporate stock – common and other equity securities	853,405,674	547,683,679
Investment of securities lending collateral	-	4,320,603
Commingled funds	1,339,913,858	756,891,667
Registered investment companies	68,172,183	111,420,687
Purchased options	(908,559)	(151,385)
Written options	(1,454,288)	-
Forward currency contracts	3,667,970	1,343,796
Futures contracts	81,383,534	(4,652,816)
Other investments	(1,449,300)	(375,823)
	<u>\$2,256,135,543</u>	<u>\$1,558,224,542</u>
Net appreciation in estimated fair value of investments		
Private equity funds	98,689,301	45,691,456
Private real estate funds	47,502,992	21,589,985
	<u>\$146,192,293</u>	<u>\$67,281,441</u>
Interest	84,750,544	129,697,049
Dividends	171,328,630	211,466,720
Securities lending program income	34,763	622,396
Other income	3,263,972	8,961,546
Subtotal Master Trust investment income	<u>\$2,661,705,745</u>	<u>\$1,976,253,694</u>
Total expenses	<u>\$112,743,900</u>	<u>\$110,077,732</u>
Total Master Trust net investment income	<u><u>\$2,548,961,845</u></u>	<u><u>\$1,866,175,962</u></u>
Portion allocated to the Plan, including 401(h) account	<u><u>\$1,280,074,189</u></u>	<u><u>\$931,468,868</u></u>

Raytheon Company Pension Plan for Salaried Employees

Notes to Financial Statements

December 31, 2013 and 2012

Fair Value Measurements

The accounting standard for fair value measurements provides a framework for measuring fair value and requires expanded disclosures regarding fair value measurements. Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The accounting standard established a fair value hierarchy which requires an entity to maximize the use of observable inputs, where available. The following summarizes the three levels of inputs required as well as the assets and liabilities that we value using those levels of inputs.

- Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2:** Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs which are observable or have been corroborated by observable market data for substantially the full term of the related assets or liabilities.
- Level 3:** Unobservable inputs supported by little or no market activity that are significant to the fair value of the assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. In evaluating the level at which the Plan's commingled funds have been classified within this hierarchy, several factors have been assessed including, but not limited to price transparency, the ability to redeem these investments at net asset value at the measurement date, and the existence or absence of certain restrictions at the measurement date. See valuation policy section for further information.

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

For the years ended December 31, 2013 and December 31, 2012, there were no transfers in or out of Levels 1, 2 or 3.

Raytheon Company Pension Plan for Salaried Employees

Notes to Financial Statements

December 31, 2013 and 2012

The following tables summarize the fair value of investment assets and liabilities as of December 31, 2013.

Fair Value of Investment Assets as of 12/31/2013					
	Level 1	Level 2	Level 3	Total	
Interest-bearing cash	\$ -	\$ 44,224,802	\$ -	\$ 44,224,802	
U.S. government bonds	63,196,935	-	-	63,196,935	
Corporate debt instruments and other fixed income securities *	-	2,323,391,457	-	2,323,391,457	
Corporate stock – preferred					
U.S. equity	-	1,074,937	-	1,074,937	
International equity	27,274,420	-	-	27,274,420	
Corporate stock - common and other equity securities**					
U.S. equity	2,416,946,275	3,523,777	-	2,420,470,052	
International equity	2,389,056,534	-	-	2,389,056,534	
Commingled funds					
103-12 investment entities					
International equity	-	230,941,488	-	230,941,488	
Absolute return	-	308,782,493	-	308,782,493	
US Equity	-	153,337,820	-	153,337,820	
Absolute return	-	816,598,100	446,003,446	1,262,601,546	
Common/collective trusts					
Liquidity	-	165,649,969	-	165,649,969	
U.S. equity	-	3,468,855,770	-	3,468,855,770	
International equity	-	732,665,644	-	732,665,644	
Absolute return	-	91,404,452	-	91,404,452	
Fixed income	-	99,355,197	-	99,355,197	
Core Real Estate	-	106,782,538	-	106,782,538	
Equity	-	101,449,957	-	101,449,957	
Fixed income	-	1,001,619,710	7,131,633	1,008,751,343	
Real estate pooled separate accounts	-	109,465,425	-	109,465,425	
Registered investment companies					
U.S. equity	407,294,192	-	-	407,294,192	
International equity	229,192,475	-	-	229,192,475	
Fixed income	1,598,915,126	-	-	1,598,915,126	
Money market funds	554,421,980	-	-	554,421,980	
Unallocated insurance contracts	-	-	16,980,737	16,980,737	
Purchased options	375,959	-	-	375,959	
Collateral for futures held	20,754,673	-	-	20,754,673	
Private equity funds	-	-	621,508,525	621,508,525	
Private real estate funds	-	-	337,986,066	337,986,066	
Unrealized gain on futures contracts	20,401,172	-	-	20,401,172	
Receivable for forward foreign currency contracts	-	1,464,964	-	1,464,964	
Total assets	\$ 7,727,829,741	\$ 9,760,588,500	\$ 1,429,610,407	\$ 18,918,028,648	

Fair Value of Investment Liabilities as of 12/31/2013					
	Level 1	Level 2	Level 3	Total	
Unrealized loss on futures contracts	\$ 1,579,212	\$ -	\$ -	\$ 1,579,212	
Payable for forward foreign currency contracts	-	822,196	-	822,196	
Total liabilities	\$ 1,579,212	\$ 822,196	\$ -	\$ 2,401,408	

* Corporate debt instruments and other fixed income securities includes \$116,981,177 of asset backed securities and \$201,747,995 of term loans.

** Corporate stock - common and other equity securities includes \$68,356,917 of master limited partnership securities in U.S. equity.

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The following tables summarize the fair value of investment assets and liabilities as of December 31, 2012.

Fair Value of Investment Assets as of 12/31/2012					
	Level 1	Level 2	Level 3	Total	
Interest-bearing cash	\$ -	\$ 783,831	\$ -	\$ -	783,831
U.S. government bonds	61,721,457	-	-	-	61,721,457
Corporate debt instruments and other fixed income securities *	-	2,264,916,176	-	-	2,264,916,176
Corporate stock – preferred					
U.S. equity	-	4,804,492	-	-	4,804,492
International equity	26,245,780	-	-	-	26,245,780
Corporate stock - common and other equity securities					
U.S. equity	1,495,132,009	4,875,897	157,716	-	1,500,165,622
International equity	2,250,487,336	75,687	-	-	2,250,563,023
Investment of securities lending collateral	-	11,246,750	-	-	11,246,750
Commingled funds					
103-12 investment entities					
International equity	-	209,036,213	-	-	209,036,213
Absolute return	-	719,149,388	-	-	719,149,388
US Equity	-	109,709,955	-	-	109,709,955
Absolute return	-	689,751,256	181,821,136	-	871,572,392
Common/collective trusts					
Liquidity	-	538,628,463	-	-	538,628,463
U.S. equity	-	2,451,958,184	-	-	2,451,958,184
International equity	-	347,284,340	-	-	347,284,340
Absolute return	-	143,010,426	-	-	143,010,426
Fixed income	-	241,059,864	-	-	241,059,864
Equity	-	343,558,675	-	-	343,558,675
Fixed income	-	1,022,627,593	68,231,515	-	1,090,859,108
Real estate pooled separate accounts	-	50,553,000	-	-	50,553,000
Registered investment companies					
U.S. equity	342,578,862	-	-	-	342,578,862
International equity	135,959,753	-	-	-	135,959,753
Absolute return	505,757,363	-	-	-	505,757,363
Fixed income	1,476,427,294	-	-	-	1,476,427,294
Money market funds	324,370,041	-	-	-	324,370,041
Unallocated insurance contracts	-	-	16,258,269	-	16,258,269
Purchased options	17,980	-	-	-	17,980
Collateral for futures held	9,027,882	-	-	-	9,027,882
Private equity funds	-	-	413,755,610	-	413,755,610
Private real estate funds	-	-	259,385,384	-	259,385,384
Unrealized gain on futures contracts	1,338,650	-	-	-	1,338,650
Receivable for forward foreign currency contracts	-	1,876,160	-	-	1,876,160
Total assets	\$ 6,629,064,407	\$ 9,154,906,350	\$ 939,609,630	\$ -	16,723,580,387
Fair Value of Investment Liabilities as of 12/31/2012					
	Level 1	Level 2	Level 3	Total	
Unrealized loss on futures contracts	\$ 2,273,927	\$ -	\$ -	\$ -	2,273,927
Payable for forward foreign currency contracts	-	403,377	-	-	403,377
Total liabilities	\$ 2,273,927	\$ 403,377	\$ -	\$ -	2,677,304

* Corporate debt instruments and other fixed income securities includes \$66,632,882 of asset backed securities and \$149,333,331 of term loans.

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Level 3 Investments

The tables below summarize changes in the fair value of the Master Trust's Level 3 investment assets for the years ended December 31, 2013 and December 31, 2012.

Level 3 Investment Assets 12/31/2013							
	Balance, beginning of year	Realized gains (losses)	Change in unrealized gains (losses)	Purchases	Sales	Transfers in (out) of level 3	Balance, end of year
Corporate stock - common and other equity securities							
U.S. equity	\$ 157,716	\$ (4,914)	\$ 9,243	\$ -	\$ 162,045	\$ -	\$ -
Commingled funds							
Absolute return	181,821,136	17,869,905	47,489,082	333,025,212	134,201,889	-	446,003,446
Fixed income	68,231,515	18,957,780	17,734,286	3,169,439	100,961,387	-	7,131,633
Unallocated insurance contracts	16,258,269	3,140	(3,141)	846,734	124,265	-	16,980,737
Private equity funds	413,755,610	51,682,376	37,966,002	259,634,041	141,529,504	-	621,508,525
Private real estate funds	259,385,384	52,264,397	(4,761,406)	136,128,780	105,031,089	-	337,986,066
Total	\$ 939,609,630	\$ 140,772,684	\$ 98,434,066	\$ 732,804,206	\$ 482,010,179	\$ -	\$ 1,429,610,407

Change in unrealized gain of \$126,608,738 relates to investment assets held by the Master Trust at December 31, 2013.

Level 3 Investment Assets 12/31/2012							
	Balance, beginning of year	Realized gains (losses)	Change in unrealized gains (losses)	Purchases	Sales	Transfers in (out) of level 3	Balance, end of year
Corporate stock - common and other equity securities							
U.S. equity	\$ 167,895	\$ (30,420)	\$ 20,241	\$ 166,959	\$ (166,959)	\$ -	\$ 157,716
Commingled funds							
Absolute return	102,540,210	6,776,567	5,602,248	111,092,242	(44,190,131)	-	181,821,136
Fixed income	53,546,492	4,746,857	23,798,802	92,855,798	(106,716,434)	-	68,231,515
Unallocated insurance contracts	15,615,851	3,339	(3,339)	768,360	(125,942)	-	16,258,269
Private equity funds	306,948,793	59,650,042	(14,045,244)	178,907,934	(117,705,915)	-	413,755,610
Private real estate funds	188,080,774	2,010,401	19,579,585	76,754,220	(27,039,596)	-	259,385,384
Total	\$ 666,900,015	\$ 73,156,786	\$ 34,952,293	\$ 460,545,513	\$ (295,944,977)	\$ -	\$ 939,609,630

Change in unrealized gain of \$33,049,784 relates to investment assets held by the Master Trust at December 31, 2012.

Level 3 investments, which are mainly commingled funds, private equity funds and private real estate funds, are estimated at fair market value which primarily utilizes net asset values reported by the investment manager or fund manager. Members of the Coordinating Investment Fiduciary's team and the Chief Accounting Officer's team review independently appraised values, audited financial statements and other pricing information to evaluate the net asset values. Further, for the very limited group of securities and other assets that do not utilize net asset values and for which market quotations are not readily available, additional information is obtained from the investment manager and evaluated to ensure the reported values reflect fair value. This limited group of investments represents less than 1% of the Master Trust assets. See Valuation Policy section for further information.

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The table below summarizes the fair value measurements of the investments in certain entities that calculate net asset value per share as of December 31, 2013.

Category of Investment	Fair Value	Unfunded Commitments	Remaining Life	Redemption Terms, if currently eligible	Redemption restrictions and terms	Redemption restrictions and terms in place at year end
Private Real Estate Funds	\$ 337,986,066	\$ 411,678,478	0-9 years	Not applicable	Not applicable	Not applicable
Private Equity Funds	621,508,525	\$ 1,178,541,014	0-9 years	Not applicable	Not applicable	Not applicable
Commingled Funds						
103-12 Entities	693,061,801	Not applicable	Not applicable	Ranges from 5-15 days notice monthly	100% of funds are either not under lock or have a lock of one year or less.	Less than 5% of the funds have gates in place as of December 31, 2013.
Absolute Return	1,262,601,546	5,753,557	Not applicable	Ranges from 45-120 days notice monthly, 45-90 days notice quarterly, 90 days notice annually	96% of funds are either not under lock or have a lock of one year or less. 4% of funds have a lock up provision of two to ten years.	Less than 15% of the funds have gates in place as of December 31, 2013.
Common/collective Trusts	4,664,713,570	50,000,000	Not applicable	Ranges from 1-7 days notice daily	None	None
Equity Funds	101,449,957	Not applicable	Not applicable	Ranges from 15-30 days notice monthly	100% of funds are either not under lock or have a lock of one year or less.	None
Fixed Income Funds	1,008,751,343	Not applicable	Not applicable	Ranges from 45 days notice monthly, 60-90 days notice quarterly	79% of funds are either not under lock or have a lock of one year or less. 21% of funds have a lock up provision of two to five years.	Less than 5% of the funds have gates in place as of December 31, 2013.
Real Estate Pooled Separate Accounts	109,465,425	Not applicable	Not applicable	90 days notice quarterly	100% of funds are either not under lock or have a lock of one year or less.	None

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The table below summarizes the fair value measurements of the investments in certain entities that calculate net asset value per share as of December 31, 2012.

Category of Investment	Fair Value	Unfunded Commitments	Remaining Life	Redemption Terms, if currently eligible	Redemption restrictions and terms	Redemption restrictions and terms in place at year end
Private Real Estate Funds	\$ 259,385,384	\$ 340,075,135	0-10 years	Not applicable	Not applicable	Not applicable
Private Equity Funds	413,755,610	800,363,418	0-10 years	Not applicable	Not applicable	Not applicable
Commingled Funds						
103-12 Entities	1,037,895,556	Not applicable	Not applicable	Ranges from 5-15 days notice monthly	100% of funds are either not under lock or have a lock of one year or less.	Less than 5% of the funds have gates in place as of December 31, 2012.
Absolute Return	871,572,392	2,500,000	Not applicable	Ranges from 5-120 days notice monthly, 45-90 days notice quarterly, 60-180 days notice annually	88% of funds are either not under lock or have a lock of one year or less. 12% of funds have a lock up provision of two to ten years.	Less than 15% of the funds have gates in place as of December 31, 2012.
Common/collective Trusts	3,721,941,277	Not applicable	Not applicable	Ranges from 1-7 days notice daily, 5 days notice monthly	None	None
Equity Funds	343,558,675	50,000,000	Not applicable	Ranges from 15-30 days notice monthly, 60 days notice quarterly	100% of funds are either not under lock or have a lock of one year or less.	Less than 5% of the funds have gates in place as of December 31, 2012.
Fixed Income Funds	1,090,859,108	Not applicable	Not applicable	Ranges from 10 days notice daily, 30-45 days notice monthly, 45-90 days notice quarterly	78% of funds are either not under lock or have a lock of one year or less. 22% of funds have a lock up provision of two to five years.	Less than 10% of the funds have gates in place as of December 31, 2012.
Real Estate Pooled Separate Accounts	50,553,000	Not applicable	Not applicable	90 days notice quarterly	100% of funds are either not under lock or have a lock of one year or less.	None

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Valuation Policy

The Plan's interest in the Master Trust is stated at fair value. The Trustee values Master Trust investments as follows:

Cash and cash equivalents are valued at amortized cost, which approximates fair value.

Investments in equity securities (common and preferred) and equity securities sold short, if any, are valued at the exchange traded closing price.

Investments in fixed income securities (U.S. Government, domestic and foreign bonds, asset backed securities and term loans) are valued by a pricing service which determines valuations for normal institutional-size trading units of such securities using methods based upon market transactions for comparable securities and various relationships between securities which are generally recognized by institutional traders, or at fair value as determined in good faith by the Trustee of the Master Trust and management.

Investments denominated in foreign currencies are translated into U.S. Dollars using the last reported exchange rate.

Commingled funds, registered investment companies, private equity funds and private real estate funds are generally valued at their last reported net asset value. Certain commingled funds, private equity funds and private real estate funds are recorded at fair market value which considers, but is not limited to fair values reported by the investment advisor, audited financial statements, and independently appraised values. In the event that audited financial statements for these investments are not available in time to prepare our financial statements or management believes the value reported by the investment advisor does not accurately reflect fair value due to an event in the market place, such as a prime-broker filing for bankruptcy, management will adjust the reported value to fair value based upon information provided by the investment manager or independent valuation experts.

Unallocated insurance contracts are valued at their contract price which approximates fair value.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value.

Valuation policies for derivative investments are disclosed in the Derivative Policy paragraph.

Raytheon Company Pension Plan for Salaried Employees

Notes to Financial Statements

December 31, 2013 and 2012

Investment Income (Loss)

The Trustee maintains separate records of each plan's proportionate share in the Master Trust's investment accounts. The Plan's share of investment income (loss) and net appreciation (depreciation) in the fair value of investments of the Master Trust is included in the Statements of Changes in Net Assets Available for Benefits as Master Trust investment income (loss). The net appreciation (depreciation) in the fair value of investments consists of the realized gains (losses) and the change in unrealized appreciation (depreciation) on those investments.

Under the Master Trust Agreement, each plan's assets are jointly invested. The Plan uses the unit participation method to calculate the Plan's interest in the Master Trust. Under this method, contributions made to and benefits paid from the Master Trust result in increases or decreases in units of participation. All Master Trust income or loss results in a change in unit value.

Dividends are recorded on the ex-dividend date and interest income is accrued as earned. All security transactions are recorded on the trade date. Premiums and discounts on debt securities are amortized to maturity. Gains or losses on sales of securities are based on average cost.

Investments Sold Short

As of December 31, 2013 and 2012, the Master Trust was not invested in any securities sold short.

The Master Trust may sell a security it does not own in anticipation of a decline in the fair value of that security or as part of its core investment strategy. The Master Trust, in "selling short," sells borrowed securities that must at some date be repurchased and returned to the lender. The risk associated with this practice is that if the market value of the securities sold short increases, the Master Trust may realize losses upon repurchase at prices which may exceed the proceeds received from the sale of the security. Further, in unusual circumstances, the Master Trust may be unable to purchase securities to close its short positions. The Master Trust is obligated to pay a prime broker interest based on the value of the securities sold short and any dividends declared on the securities sold short. Such fees and dividends are recorded on the accrual basis as an expense to the Master Trust.

Repurchase Agreements

As of December 31, 2013 and 2012, the Master Trust was not directly invested in any repurchase agreements.

The Master Trust may lend extra cash through the use of repurchase agreements whereby the Master Trust agrees to purchase and automatically agrees to sell certain securities at a mutually agreed-upon date and price. At the same time, the counterparty to this agreement agrees to pledge some of its securities. The underlying collateral securities consist of securities in which the Master Trust is permitted to invest.

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December 31, 2013 and 2012

Securities Lending Program

The Master Trust directly participated in a securities lending program with the Trustee as of December 31, 2012 and exited the program by December 31, 2013. The program allowed the Trustee to loan securities, which are assets of the Master Trust, to approved brokers (the "Borrowers"). The Trustee required Borrowers, pursuant to a security loan agreement, to deliver collateral to secure each loan. The collateral required 102% of the fair value of U.S. securities borrowed and 105% for non-U.S. securities borrowed. The Master Trust bore the risk of loss with respect to the unfavorable change in fair value of the invested cash collateral. However, the Borrower bore the risk of loss related to the decrease in the fair value of the securities collateral and, therefore, will have to deliver additional securities to maintain the required collateral. In the event of default by the Borrower, the Trustee shall indemnify the Master Trust by purchasing replacement securities equal to the number of unreturned loaned securities or, if replacement securities are not able to be purchased, the Trustee shall credit the Master Trust for the market value of the unreturned securities. In each case, the Trustee would apply the proceeds from the collateral for such a loan to make the Master Trust whole.

The market value of the securities on loan to Borrowers at December 31, 2012 was \$14,285,259. Cash collateral obligations of \$14,810,658 were received for securities on loan at December 31, 2012. Cash collateral was invested in a separately maintained and managed cash collateral investment account and had a fair market value of \$11,246,750 at December 31, 2012. At December 31, 2012 investments include, \$4,670,266 invested in overnight repurchase agreements and \$6,581,089 invested in asset backed securities.

A portion of the income generated upon investment of cash collateral is remitted to the Borrowers, and the remainder is allocated between the Master Trust and the Trustee in its capacity as a security agent. Securities lending income allocated to the Master Trust amounted to \$34,763 and \$622,396 as of December 31, 2013 and 2012, respectively. Securities lending income allocated to the Trustee amounted to \$8,762 and \$157,306 as of December 31, 2013 and 2012, respectively.

Raytheon Company Pension Plan for Salaried Employees
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Derivative Policy

The Master Trust enters into contractual arrangements classified as derivatives in carrying out its investment strategy, principally to: (1) hedge a portion of the Master Trust's portfolio to limit or minimize exposure to certain risks, (2) gain exposure to a market more rapidly or less expensively than could be accomplished through the use of the cash markets, and (3) increase investment returns by reducing the cost of structuring the portfolio or capturing value disparities between financial instruments. The Master Trust may utilize both exchange traded investment instruments such as equity and fixed income futures and options contracts and over-the-counter derivatives such as forward contracts and swaps. Select major financial institutions are used in derivatives transactions. When engaging in over the counter derivatives and forward foreign exchange contracts, there is exposure to credit loss in the event of nonperformance by the counterparties to these transactions. The Master Trust manages this exposure through credit approvals, limits, monitoring procedures, and to the extent possible, by restricting the period over which unpaid balances are allowed to accumulate. The Master Trust does not anticipate nonperformance by counterparties to these contracts.

The following tables present the values of derivatives carried on the Statement of Net Assets and the Statement of Changes in Net Assets of the Master Trust as of and for the year ended December 31, 2013:

Derivatives not accounted for as hedging instruments

Assets	Credit	Equity	Foreign Exchange	Interest Rate	Total
Unrealized gain on options	\$ -	\$ 375,959	\$ -	\$ -	\$ 375,959
Unrealized gain on futures contracts	20,401,172	-	-	-	20,401,172
Unrealized gain on forward currency contracts	-	-	1,464,964	-	1,464,964
	<u>\$20,401,172</u>	<u>\$ 375,959</u>	<u>\$ 1,464,964</u>	<u>\$ -</u>	<u>\$ 22,242,095</u>
Liabilities					
Unrealized loss on futures contracts	\$ 1,579,212		\$ -	\$ -	\$ 1,579,212
Unrealized loss on forward currency contracts	-	-	822,196	-	822,196
	<u>\$ 1,579,212</u>	<u>\$ -</u>	<u>\$ 822,196</u>	<u>\$ -</u>	<u>\$ 2,401,408</u>

Effect of Derivative Instruments on the Statements of Changes in Net Assets

	Net Appreciation/ (Depreciation)	Average Number of Contracts*
Derivatives not accounted for as hedging instruments		
Options	\$ (2,362,847)	650
Futures contracts	81,383,534	9,350
Forward currency contracts	3,667,970	100
	<u>\$ 82,688,657</u>	<u>10,100</u>

* Number of contracts represents volume of derivative activity and is based on a quarterly average.

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The following tables present the values of derivatives carried on the Statement of Net Assets and the Statement of Changes in Net Assets of the Master Trust as of and for the year ended December 31, 2012:

Derivatives not accounted for as hedging instruments

Assets	Credit	Equity	Foreign Exchange	Interest Rate	Total
Unrealized gain on options	\$ -	\$ 17,980	\$ -	\$ -	\$ 17,980
Unrealized gain on futures contracts	1,338,650	-	-	-	1,338,650
Unrealized gain on forward currency contracts	-	-	1,876,160	-	1,876,160
	<u>\$ 1,338,650</u>	<u>\$ 17,980</u>	<u>\$ 1,876,160</u>	<u>\$ -</u>	<u>\$ 3,232,790</u>
Liabilities					
Unrealized loss on futures contracts	\$ 2,025,307	\$ 248,620	\$ -	\$ -	\$ 2,273,927
Unrealized loss on forward currency contracts	-	-	403,377	-	403,377
	<u>\$ 2,025,307</u>	<u>\$ 248,620</u>	<u>\$ 403,377</u>	<u>\$ -</u>	<u>\$ 2,677,304</u>

Effect of Derivative Instruments on the Statements of Changes in Net Assets

Derivatives not accounted for as hedging instruments	Net Appreciation/ (Depreciation)	Average Number of Contracts*
Options	\$ (151,385)	425
Futures contracts	(4,652,816)	5,000
Forward currency contracts	<u>1,343,796</u>	<u>70</u>
	<u>\$ (3,460,405)</u>	<u>5,495</u>

* Number of contracts represents volume of derivative activity and is based on a quarterly average.

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The following is a summary of the significant accounting policies associated with the Master Trust's use of derivatives:

Forward Foreign Currency Exchange Contracts

A forward foreign currency exchange contract ("forward currency contract") is a commitment to purchase or sell a foreign currency at a future settlement date and at a negotiated rate.

Forward currency contracts are utilized to hedge a portion of the currency exposure that results from the Master Trust's holdings of equity and fixed income securities denominated in foreign currencies.

Forward currency contracts are marked-to-market at the prevailing forward exchange rate of the underlying currencies and the difference between contract value and market value is recorded as unrealized appreciation (depreciation) in Master Trust net assets. When the forward exchange contract is closed, the Master Trust transfers the unrealized appreciation (depreciation) to a realized gain (loss) equal to the change in the value of the forward exchange contract when it was opened and the value at the time it was closed or offset. Sales and purchases of forward currency contracts having the same settlement date and broker are offset and any gain (loss) is realized on the date of offset.

Certain risks may arise upon entering into a forward currency contract from the potential inability of counterparties to meet the terms of their contracts. Additionally, when utilizing forward currency contracts to hedge, the Master Trust gives up the opportunity to profit from favorable exchange rate movements during the term of the contract.

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A summary of open forward currency contracts at December 31, 2013 is presented below:

	2013			
	Settlement Date	Aggregate Face Value	Market Value	Unrealized Appreciation (Depreciation)
Currency Purchased				
Australian Dollar	1/2/2014-1/6/2014	\$133,577	\$134,394	\$817
Canadian Dollar	1/3/2014-1/6/2014	301,055	302,096	1,041
Danish Krone	1/2/2014	50,392	50,639	247
Euro Currency Unit	1/2/2014-5/13/2014	5,118,888	5,186,689	67,801
Hong Kong Dollar	1/3/2014	26,034	26,033	(1)
Indonesian Rupiah	1/3/2014	1,568	1,581	13
Japanese Yen	1/7/2014-5/13/2014	7,402,642	7,030,206	(372,436)
Pound Sterling	1/3/2014-1/6/2014	36,837	36,893	56
S. African Comm Rand	1/7/2014	2,204	2,194	(10)
South Korean Won	1/2/2014	9,896	9,883	(13)
Swedish Krona	1/2/2014-1/7/2014	197,062	199,228	2,166
Swiss Franc	1/3/2014	844,447	845,824	1,377
		\$14,124,602	\$13,825,660	(\$298,942)

	2013			
	Settlement Date	Aggregate Face Value	Market Value	Unrealized Appreciation (Depreciation)
Currency Sold				
Euro Currency Unit	1/2/2014-6/18/2014	\$17,771,064	\$18,211,643	(\$440,579)
Japanese Yen	1/6/2014-6/18/2014	24,603,373	23,211,927	1,391,446
Malaysian Ringgit	1/2/2014	11,287	11,325	(38)
New Taiwan Dollar	1/2/2014	97,715	98,326	(611)
Pound Sterling	1/2/2014-6/18/2014	824,434	832,942	(8,508)
Thailand Baht	1/3/2014	1,028	1,028	-
		\$43,308,901	\$42,367,191	\$941,710

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A summary of open forward currency contracts at December 31, 2012 is presented below:

2012				
	Settlement Date	Aggregate Face Value	Market Value	Unrealized Appreciation (Depreciation)
Currency Purchased				
Canadian Dollar	1/2/2013-1/3/2013	\$103,886	\$103,823	(\$63)
Euro Currency Unit	1/2/2013	13,221	13,184	(37)
Hong Kong Dollar	1/2/2013-1/3/2013	349,363	349,355	(8)
Japanese Yen	1/7/2013-2/15/2013	789,606	754,064	(35,542)
Malaysian Ringgit	1/2/2013-1/3/2013	5,121	5,126	5
New Taiwan Dollar	1/2/2013	35,911	35,912	1
S African Comm Rand	1/4/2013-1/7/2013	157,340	157,532	192
Singapore Dollar	1/3/2013	7,857	7,868	11
Thailand Baht	1/3/2013	318,768	316,215	(2,553)
		<u>\$1,781,073</u>	<u>\$1,743,079</u>	<u>(\$37,994)</u>

2012				
	Settlement Date	Aggregate Face Value	Market Value	Unrealized Appreciation (Depreciation)
Currency Sold				
Canadian Dollar	1/2/2013	\$4,780	\$4,776	\$4
Euro Currency Unit	1/2/2013-6/19/2013	9,276,569	9,641,127	(364,558)
Hong Kong Dollar	1/2/2013-1/3/2013	114,102	114,111	(9)
Japanese Yen	1/4/2013-6/19/2013	24,093,655	22,217,708	1,875,947
Malaysian Ringgit	1/2/2013-1/4/2013	83,204	83,280	(76)
Pound Sterling	1/2/2013-1/4/2013	80,256	80,758	(502)
Singapore Dollar	1/2/2013	13,221	13,250	(29)
		<u>\$33,665,787</u>	<u>\$32,155,010</u>	<u>\$1,510,777</u>

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Futures Contracts

A futures contract is a contractual agreement to make or take delivery of a standardized quantity of a specified grade or type of commodity or financial instrument at a specified future date in accordance with terms specified by a regulated futures exchange.

The Master Trust may use equity index, fixed income, cash and cash equivalents and commodities futures contracts to manage exposure to the market. Buying futures tends to increase the Master Trust's exposure to the underlying instrument. Selling futures tends to decrease the Master Trust's exposure to the underlying instrument held, or hedge the fair value of other fund investments.

Futures contracts are valued at the last settlement price at the end of each day on the exchange upon which they are traded. Upon entering into a futures contract, the Master Trust is required to deposit either in cash or securities an amount equal to a certain percentage of the nominal value of the contract ("initial margin"). Pursuant to the futures contract, the Master Trust agrees to receive from, or pay to, the broker an amount of cash equal to the daily fluctuation in the value of the futures contract. Such receipts or payments are recorded as "margin flows," and the accumulated balances resulting from those flows are represented on the balance sheet as "cash held at broker" and "cash due to broker." The Master Trust will also record an unrealized gain or loss on futures, which is calculated as the difference between the notional cost and the notional market value of open futures contracts.

Futures contracts involve, to varying degrees, credit and market risks. The Master Trust enters into futures contracts on exchanges where the exchange acts as the counterparty to the transaction. Thus, credit risk on such transactions is limited to the failure of the exchange. The daily settlement on the futures contracts serves to greatly reduce credit risk. Losses in value may arise from changes in the value of the underlying instrument or if there is an illiquid secondary market for the contracts. In addition, there is the risk that there may not be an exact correlation between a futures contract and the underlying index or security.

At December 31, 2013, U.S. Government Bonds with a par value of \$21,140,000 (\$20,754,673 fair value) were pledged as collateral for open equity and fixed income futures positions. These bonds are restricted from trading until the futures positions for which they are pledged as collateral are settled. A cash balance of \$3,342,273 was posted to cover margin requirements for open futures contracts.

At December 31, 2012, U.S. Government Bonds with a par value of \$9,034,000 (\$9,027,882 fair value) were pledged as collateral for open equity and fixed income futures positions. These bonds are restricted from trading until the futures positions for which they are pledged as collateral are settled. A cash balance of \$6,296,213 was pledged to cover margin requirements for open futures contracts.

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A summary of the open fixed income futures as of December 31, 2013 and 2012 are presented below:

	Long Contracts		Short Contracts	
	2013		2013	
	Number of Contracts	Aggregate Face Value	Number of Contracts	Aggregate Face Value
U.S. Treasury Bond Futures (CBT)	66	\$ 8,468,625	297	\$ 38,108,812
U.S. 10-year Treasury Notes Futures (CBT)	-	-	3,670	451,582,031
U.S. 5-year Treasury Notes Futures (CBT)	660	78,746,250	635	75,763,438
U.S. 2- Year Treasury Notes Futures (CBT)	184	40,445,500	-	-
U.S. Ultra Bond (CBT)	157	21,391,250	1,078	146,877,500
Grand Total	<u>1,067</u>	<u>\$ 149,051,625</u>	<u>5,680</u>	<u>\$ 712,331,781</u>

	Long Contracts		Short Contracts	
	2012		2012	
	Number of Contracts	Aggregate Face Value	Number of Contracts	Aggregate Face Value
U.S. Treasury Bond Futures (CBT)	236	\$ 34,810,000	17	\$ 2,507,500
U.S. 10-year Treasury Notes Futures (CBT)	-	-	2,616	347,355,750
U.S. 5-year Treasury Notes Futures (CBT)	1,708	212,499,220	132	16,422,656
U.S. 2- Year Treasury Notes Futures (CBT)	-	-	403	88,848,906
U.S. Ultra Bond (CBT)	448	72,842,000	66	10,731,188
Grand Total	<u>2,392</u>	<u>\$ 320,151,220</u>	<u>3,234</u>	<u>\$ 465,866,000</u>

A summary of the open equity index futures as of December 31, 2013 and 2012 are presented below:

	Long Contracts	
	2013	
	Number of Contracts	Aggregate Face Value
S&P Mid 400 Emini Futures (CME)	22	\$ 2,946,680
S&P 500 Emini Index Futures (CME)	2,609	240,171,495
Russell 2000 Mini Ind Futures (NYF)	37	4,297,180
Grand Total	<u>2,668</u>	<u>\$ 247,415,355</u>

	Long Contracts	
	2012	
	Number of Contracts	Aggregate Face Value
S&P 500 Emini Index Fut (CME)	2,162	\$ 153,512,810
Grand Total	<u>2,162</u>	<u>\$ 153,512,810</u>

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Options

The Master Trust may invest in option contracts. An option contract is a contract in which the writer of the option grants the buyer of the option the right to purchase from ("call option"), or sell to ("put option"), the writer a designated instrument at a specified price within a specified period of time. Certain options, including options on indices, will require cash settlement by the Master Trust if the option is exercised. The Master Trust may enter into put or call option contracts in order to: hedge against potential adverse price movements in the value of the portfolio assets, as a temporary substitute for selling selected investments; to lock in the purchase price of a security or currency that it expects to purchase in the near future, as a temporary substitute for the purchase of selected investments; and to enhance potential gain.

When the Master Trust purchases or writes an option, an amount equal to the premium paid or received by the Master Trust is recorded as an asset or liability and is subsequently adjusted to the current market value of the option purchased or written. Options purchased or written are valued at the last sale price or, in the absence of a sale, the mean between the closing bid and asked prices or at the most recent asked price (bid for purchased options) if no bid and asked price are available. Over-the-counter purchased or written options are valued using dealer supplied quotations. Gain and loss is recognized when the option contract expires or is closed.

If the Master Trust writes a covered call option, the Master Trust foregoes, in exchange for the premium, the opportunity to profit during the option period from an increase in the value of the underlying security above the exercise price. If the Master Trust writes a put option, it accepts the risk of a decline in the value of the underlying security below the exercise price. Over-the-counter options have a risk of the potential inability of counterparties to meet the terms of their contracts. The Master Trust's maximum exposure to purchased options is limited to the premium initially paid. In addition, certain risks may arise upon entering into option contracts prior to the expiration date and that a change in value of the option contract may not correlate exactly with changes in the value of the securities or currencies hedged.

A summary of open purchased equity options as of December 31, 2013 and 2012 are presented below:

Put Options				
2013		2012		
Number of Contracts	Market Value	Number of Contracts	Market Value	
Total purchased equity	1,067	\$ 375,959	155	\$ 17,980
Premiums paid in aggregate as of December 31, 2013				\$ 1,029,518
Premiums paid in aggregate as of December 31, 2012				\$ 169,365

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Swaps

As of December 31, 2013 and 2012, the Master Trust was not invested in any swaps.

The Master Trust may invest in interest rate swap contracts. The Master Trust uses interest rate swap contracts to manage its exposure to interest rates. Interest rate swap contracts entered into by the Master Trust typically represent the exchange by the Master Trust with a counterparty of a commitment to make variable rate and fixed rate payments with respect to a notional amount of principal. Such contracts may have a term of one to ten years, but typically require periodic interim settlement in cash, at which time both the value of the index or security and the specified variable interest rate are reset for the next settlement period. During the period that the swap contract is open, the contract is marked-to-market as the net amount due to or from the Plan in accordance with the terms of the contract based on the closing level of the relevant index or security and interest accrual through the valuation date. Changes in the value of the swap contract are recorded as unrealized gains or losses, while periodic cash settlements are recorded as realized gains or losses.

The Master Trust may invest in credit default swaps. Credit default swap contracts entered into by the Master Trust typically represent the exchange by the Master Trust with a counterparty of a commitment to provide a level of credit protection for a commitment to receive interest at a fixed rate based on the potential risk of default of the relevant underlying issuer. Providing credit protection to a counterparty tends to increase a Master Trust's exposure to the underlying instrument. Receiving credit protection from a counterparty tends to decrease a Master Trust's exposure to the underlying instrument held by a Master Trust, or hedge the fair value of other Master Trust investments. Such contracts may have a term of one to ten years, but typically require periodic interim settlement in cash. During the period that the credit default swap contract is open, the contract is marked-to-market in accordance with the terms of the contract based on the current interest rate spreads and credit risk of the referenced obligation of the underlying issuer and interest accrual through valuation date. Changes in the value of the credit default swap are recorded as unrealized gains or losses, while periodic cash settlements are recorded as realized gains or losses.

Entering into a swap contract involves, to varying degrees, elements of credit, market and interest rate risk in excess of the amounts reported in the statement of net assets available for benefits. Notional principal amounts are used to express the extent of involvement in the transactions, but are not delivered under the contract. Accordingly, credit risk is limited to any amounts receivable from the counterparty. To reduce credit risk from potential counterparty default, the Master Trust enters into swap contracts with counterparties whose creditworthiness has been approved by the Trustee of the Trust. The Master Trust bears the market risk arising from any change in index or security values or interest rates.

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8. Termination Policies

The Company has not expressed any intent to terminate the Plan or discontinue its contributions. However, in the event the Plan is discontinued:

- (a) The assets comprising the Plan, including the net income/ (loss) of the Plan shall be revalued at market by the Trustee.
- (b) The Plan provides that the net assets of the Plan shall be allocated among the participants and beneficiaries of the Plan in the order provided by ERISA.
- (c) To the extent unfunded vested benefits exist, ERISA provides that such benefits are payable by the PBGC to participants, up to specified limitations, as described in ERISA.

Whether all participants receive their full or partial benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations, and may also depend on the financial condition of the plan sponsor and the level of benefits guaranteed by the PBGC.

The Company may terminate the Plan in whole or in part at any time. This summary of termination priorities is provided for general information purposes only. Participants should refer to the Plan document for more information.

9. Party-in-Interest Transactions

Certain investments within the Master Trust were advised by or affiliated with The Bank of New York Mellon ("BNY Mellon"), the Trustee and Custodian, and related party. Transactions with BNY Mellon qualify as party-in-interest transactions. For the years ended December 31, 2013 and 2012, expenses specifically related to the Plan of \$861,369 and \$456,705, respectively, were paid to BNY Mellon and were incurred and included in "Administrative expenses." Additionally, the Plan was allocated approximately \$2,369,331 and \$2,913,869 of expenses paid directly by the Master Trust to BNY Mellon for the years ended December 31, 2013 and 2012, respectively, and are included in "Raytheon Master Pension Trust investment income."

As of December 31, 2013 and 2012, expenses to be paid to BNY Mellon of \$691,234 and \$567,568, respectively, were accrued. Accrued expenses to be paid to BNY Mellon specifically related to the Plan are included in "Accrued administrative expenses" and the Plan's allocation of Master Trust accrued expenses to be paid to BNY Mellon are included in "Other liabilities."

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10. Tax Status

The Internal Revenue Service (the “IRS”) has determined and informed the Company by letter dated September 23, 2013, that the design of the Plan meets the requirements for qualification under Code section 401(a), on which the tax exemption of the Trust under Code section 501(a) is based. The Plan has been amended since receiving the determination letter. The Plan Administrator and the Company’s benefits counsel believe that the current design and operation of the Plan are consistent with continued qualification of the Plan and exemption of the Trust in the context of applicable IRS procedures.

The Plan adopted the provisions of uncertain tax positions that provide criteria for the recognition, measurement, presentations and disclosure of uncertain tax positions beginning January 1, 2009. The Plan may from time to time hold investments that give rise to certain tax liabilities. Based upon management’s assessment, the Plan has not recognized any tax liabilities at December 31, 2013 and 2012, respectively. The Plan is subject to examinations by taxing jurisdictions; however, there are currently no audits for any tax period in progress. The Plan Administrator believes the Plan is no longer subject to federal tax examination for years prior to 2011.

11. Risks and Uncertainties

The Plan financial statements are based on the application of U.S. GAAP, which require the Plan to make estimates and assumptions about future events that affect the amounts reported in financial statements and the accompanying notes.

Contributions to the Plan are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions will occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements. The investments of the Plan, which are held in the Master Trust, are exposed to various risks, such as interest rate, market and credit risks. See Note 7 for additional information with respect to investment risk.

12. Subsequent Events

The Plan has evaluated subsequent events and transactions subsequent to December 31, 2013 through the date the Plan’s financial statements were available to be issued, September 11, 2014.